

Planning an Audit Typical planning procedures 09年ACCA_CAT考试 PDF转换可能丢失图片或格式，建议阅读原文
https://www.100test.com/kao_ti2020/645/2021_2022_Planning_a_c52_645026.htm Planning procedures vary from one audit to the next, but auditors should take an organized, step-by-step approach to the planning process. Upgrade the auditors' understanding of the entity and its environment Outline plan Review audit of the previous year Changes in legislation or accounting practice Management or interim accounts Meet the senior management Timing Client's employees Expert help Number and grade of audit staff Audit team Budget Expected date of attendance Designing, documenting and recording of the audit strategy ISA300 requires that auditors must document the overall audit strategy to cover the following areas: The scope of the audit engagement Reporting objectives, timing of the audit and communications required The direction of the audit The timing of audit work Auditing may be: Performed at or after the year end Divided into interim and final audits Continuous The work of planning is a continuous process throughout the audit. A 'Strategy Memorandum' should be used to record decisions and prevent key areas from being missed during the audit. History Exam Question Analysis (A3/D2005) 3 (a) International Standard on Auditing 300 (revised) Planning an audit of financial statements', states that an auditor must plan the audit. Explain why it is important to plan an audit. (5 marks) (b) You are the audit manager in charge of the audit of Tempest Ltd. The company's year end is 31 December, and Tempest Ltd has

been a client for seven years. The company purchases and resells fittings for ships including anchors, compasses, rudders, sails etc. Clients vary in size from small businesses making yachts to large companies maintaining large luxury cruise ships. No manufacturing takes place in Tempest Ltd. Information on the company's financial performance is available as follows:

	2005 Forecast	2004 Actual	£ 000	£ 000
Sales	45,928	40,825		
Cost of sales	(37,998)	(31,874)		
Gross profit	7,930	8,951		
Administration costs	(4,994)	(4,758)		
Distribution costs	(2,500)	(2,500)		
Net profit	436	1,693		
Fixed Assets (net book value)	3,600	4,500		
Current assets				
Inventory	200	1,278		
Receivables	6,000	4,052		
Cash and bank	500	1,590		
Total assets	10,300	11,420		
Capital and reserves				
Share capital	1,000	1,000		
Accumulated profits	5,300	5,764		
Total shareholders' funds	6,300	6,764		
Non-current liabilities	1,000	2,058		
Current liabilities	3,000	2,598		
Total liabilities	10,300	11,420		

Other information The industry that Tempest trades in has seen moderate growth of 7% over the last year. Non-current assets mainly relate to company premises for storing stock. Ten delivery vehicles are owned with a net book value of £ 300,000. One of the directors purchased a yacht during the year. Stock is stored in ten different locations across the country, with your firm again having offices close to seven of those locations. A computerised stock control system was introduced in August 2005. Stock balances are now obtainable directly from the computer system. The client does not intend to count stock at the year end but rely instead on the computerised stock control system. Required: Using the information

provided above, prepare the audit strategy for Tempest Ltd for the year ending 31 December 2005. (15 marks) (20 marks) (a)

Importance of audit planning According to International Standard on Auditing (UK and Ireland) 300, the auditor should plan the audit work so that the engagement will be performed in an effective manner. Specifically, planning is required for the following reasons:

- To develop a general strategy and detailed approach for the specific nature, timing and extent of the audit work. This will help to ensure that the audit is carried out in an efficient and timely manner. So that attention is devoted to the important areas of the audit. Planning will also help to identify problem areas so they can be addressed in a timely fashion.
- To determine the amount of work to be carried out and therefore assist in determining the number of staff required to perform the audit work.
- To provide a document as a reference for an initial discussion of the approach to the audit with the company ' s audit committee. The plan will also help ensure that audit work is co-ordinated with client staff. e.g. for production of specific documentation to assist the auditor.
- To act as a basis for the production of the audit program.

(b) Tempest Ltd Year end 31 December 2005 Prepared by: A Manager Audit Strategy Tempest Ltd 31.12.05

Characteristics of entity Tempest requires a normal Companies Act 1985 audit there are no audit or filing exemptions available. The financial reporting framework is the UK accounting standards and there are no industry specific reporting requirements. Tempest buys and then resells all types of fixtures and fittings for ships from yachts through to large cruise ships. The company has ten

warehouses, seven of which are located near to branches of our audit firm. Key dates in the audit timetable are: Interim audit Meeting with Audit committee Financial statements approved by management Specific dates are to be confirmed.

Overview of audit approach The shipping supply industry has grown by 7% during the last year. Tempest ' s sales increase is 12% indicating that the company continues to perform well with the industry. There have been no changes to the accounting policies of Tempest during the year. This is the first year that ISAs (UK and Ireland) are relevant to this company. A detailed check will be required to ensure that no changes are required to the audit plan.

The overall audit approach will be to use tests of control where possible. However, the fall in gross profit indicates that sales may be understated or Cost of Sales (COS) overstated, so additional substantive procedures may be required in this area. Materiality determination Materiality will initially be set at 1/2 to 1% of turnover as this figure appears to be more accurate than gross profit.

Materiality on the balance sheet will be based on net asset values.

Identification of risk areas with a higher risk of mis-statement A review of the draft financial statements for the company shows the following risks: Sales have increased by 12% but COS by 19%. There is a risk of COS being overstated. Stock on the balance sheet is down significantly on last year indicating that there may be valuation or quantity errors. Trade debtors have increased by about 50%, significantly more than the increase in sales. This indicates that the company may have debt collection problems. Additional testing may

be required on after date cash collections to check for bad debts. Fixed assets have fallen by £ 900k, which is significant given that most fixed assets are land and buildings. The reason for sale must be ascertained. Long term liabilities have also fallen by £ 1 million. While not necessarily linked to the fall in fixed assets, there is a possibility that fixed assets have been sold to pay off the liabilities.

Audit approach extent of control testing Audit testing will focus on the use of compliance testing where possible. However, changes have been made to the stock system limiting the extent of compliance testing. Client systems have changed in the year with a new computerised stock control system. Unfortunately, the change was not identified until audit planning started. Three actions are necessary in respect of this system: Audit initial installation of the system including transfer of balances. One of the reasons for the low stock value could be omission of stock balances on transfer. Test count stock at the year end and agree to the computerised stock records (and visa versa) to test their accuracy. Note that the client will not be counting stock at the year end but relying on the computerised system. Test check booking into and out of stock from the purchases and sales systems.

Other risk areas The client appears to be a going concern, although the fall in gross profit must be investigated. Cash and profit forecasts for the next 12 months must also be obtained to confirm ongoing profitability and that the fall in cash balances will not continue. There is the possibility of related party transactions. One of the directors purchased a yacht during the year. Checks to be made to determine whether company

products were purchased, and if so whether these were in the normal course of business. A new engagement letter is required in ISA format. Assistance may be required on the stock take. three warehouses are located away from our offices. 100Test 下载频道开通，各类考试题目直接下载。详细请访问 www.100test.com