SRI LANKA

Association of Accounting Technicians of Sri Lanka

July 2015 Examination - AA3 Level

Questions and Suggested Answers
Subject No : 34

PROCESSES, CONTROLS AND AUDIT
(PCA)

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THE ASSOCIATION OF ACCOUNTING TECHNICIANS OF SRI LANKA

EDUCATION AND TRAINING DIVISION

AA3 Examination - July 2015
(34) Processes, Controls and Audit

SUGGESTED ANSWERS

SECTION – A

Objective Test Questions (OTQs)

Answers to ALL questions are expected.

Suggested Answers to Question One:

(a) (i) Intended users

These are the person, persons or class of persons for whom the practitioner prepares the assurance report.

(ii) The responsible party

The responsible party is the person (or party) responsible for the subject matter or subject matter information of the assurance Engagement. This is usually a Company that engages the assurance practitioner to carry out an assurance engagement.

(iii) The practitioner

The practitioner is the individual providing professional service who will review the subject matter and provide assurance.

(b)

I. Integrity
II. Objectivity
III. Professional competence
IV. Due care
V. Confidentiality
VI. Professional Behavior.

Suggested Answers to Question Two:

(a) Matters to be included in an engagement letter for a recurring audit client

(1) If indicators exit that management has misunderstood the scope and objectives of the audit, it is required to remind management of the terms and conditions relevant to the audit.

(2) If there are any significant changes in the size or nature of the entity, it is required to mention those in the fresh engagement letter regarding scope and other terms and conditions accordingly.

(3) If there is a change in the financial reporting framework, it is required to mention such impact in the fresh engagement letter.

(b) Information to be Included in Permanent Audit File - Any two (02) of the following;

i. Legal statutes of the entity, organization structure

ii. Important legal documents

iii. Industry, regulatory details within which entity operates

iv. Certificate of incorporation, articles of association

v. Statutory requirement to be complied by the entity.

Suggested Answers to Question Three:

(a) Factors that influence the Reliability of Audit Evidence

1. Source of the Audit Evidence Obtained.

   E.g.: Audit evidence is more reliable when it is obtained from independent sources outside the entity.

2. Nature of the Audit Evidence.

E.g. :

- Audit evidence generated internally is more reliable when the related controls imposed by the entity are attentive.
- Documentary evidence whether paper, electronic or other medium is reliable.

(b) Audit Procedures to identity related party Transactions - Any three (03) of the following;

01. Enquire from the Management and the directors as to whether transactions have actually taken place with related parties which are required to be disclosed in the financial statements.

02. Review prior year working papers for names of known related parties.

03. Enquire as to the affiliation of directors and officers with other entities.

04. Review minutes of meetings of shareholders and directors.

05. Review investment transactions.

06. Review accounting records for large or unusual transactions or balances.

Suggested Answers to Question Four:

(a) Industry, Regulatory and other External Factors. - Any three (03) of the following;

- Regulatory framework of GT Holdings PLC
- Taxation
- The market and competition of GT Holdings PLC
- Cyclical or seasonal Activity
- Interest rates / central Bank regulations etc.

(b) Functions of the Audit Committee - Any two (02) of the following;

- Overseeing of the preparation, presentation and adequacy of disclosures in the financial Statements of Listed Entity in accordance with Sri Lanka Accounting Standards.(SLAS)
- Overseeing of Entity's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements
- Assessment of Independence and performance of the entity's external Auditors.
- Overseeing the processes to ensure that the Entity's internal control and risk management are adequate to meet the requirements of SLAS.

End of Section A

SECTION –B

Short Scenario Questions (SSQs)

Four questions and each carries 8 marks = 32 marks

ALL questions to be answered.

Suggested Answers to Question Five:

(a) Conditions / events which increase the risk of Fraud.

01. Questions with respect to the integrity or competence of management

E.g.: When management is dominated by one person and there is no attentive oversight board or committee.

02. Unusual pressure within an entity

E.g.: The industry is declining and failures are increasing.

03. Unusual Transactions

E.g.: Unusual transactions, especially near the year end, which have a significant effect on earnings.

(b) Auditors Responsibility when it comes to Fraud.

No responsibility is cast on the Auditor for detecting or preventing fraud. An auditor conducting an audit in accordance with SLAUS is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error.

For that the following procedures should be performed

- Identify risk of material misstatement of the financial statements due to fraud
- Obtain sufficient appropriate audit evidence regarding the assessed risk of material misstatement due to fraud
- Respond appropriately to fraud or suspected fraud identified during the audit

The auditor shall maintain an attitude of **Professional Skepticism** throughout the audit, recognizing the possibility that a material misstatement due to fraud could exist, notwithstanding the auditor's past experience of the honesty and integrity of management.

The risk of not detecting a material misstatement from fraud is higher than from error because of the following

- Fraud may involve sophisticated schemes designed to conceal it.
- Fraud may be perpetrated by individuals by collusion.
- Management fraud is harder to detect because Management is in a position to manipulate accounting records or override controls.

(c) Controls to mitigate the risk of under/over payment of salaries. - Any four (04) of the following.

01. When a new employee joins the Human Resources Department must be notified, and it is required to inform that fact to the pay roll processing department properly documented.

02. All the salary revisions /increments and other changes need to be approved and submitted to the pay roll processing department.

03. The HR department should forward a copy of the leavers form to the payroll officer, who should remove the employee's name form the payroll system.

04. Overtime/ Incentives need to be approved by department heads.

05. Difference between salary payment in the previous month and the total salary payroll for the current month should be reconciled before executing the payroll for the current month.

Suggested Answers to Question six:

(a) Differentiation of Professional Skepticism and Professional Judgment

Auditors are required to carry out the audit with an attitude of professional skepticism and exercise professional skepticism and exercise professional judgment throughout the audit.

Professional Skepticism

Professional Skepticism is an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatements due to error or fraud. This requires the auditor to be alert to;

- Audit evidence that contradicts other audit evidence obtained.
- Information that brings into question the reliability of documents and responses to inquiries to be used as audit evidence.
- Conditions that may indicate possible fraud.

Professional Skepticism needs to be maintained throughout the audit to reduce the risks of overlooking unusual transactions, over-generalizing when drawing conclusions, and using inappropriate assumptions in determining nature, timing & extent of audit procedures and evaluating their results.

Professional judgment

The auditor should exercise Professional judgment in planning and performing an audit of financial statements. Professional judgment is required in the following areas.

- Materiality & Audit risk
- Nature, timing and extent of audit procedures
- Evaluation of whether sufficient appropriate audit evidence has been obtained
- Drawing conclusions based on the audit evidence obtained.

(b) Audit procedures for valuation assertion of closing inventories. - Any two (02) of the following;

1. Obtain valuation details of the closing inventory and check whether stocks have been valued at cost or net realizable value whichever is lower.
2. Verify physical inventory verification sheets and ensure that the same stocks have been valued.
3. Obtain age analysis and verify obsolete stock items (mobile phones) which remain without being sold.
4. It is required to check whether Dial Speed (PVT) Ltd has made advance adjustments for the obsolete stocks.(Stock write off or provision against the market value reduction)

Suggested Answers to Question seven:

(a) (I) Persons who may not be qualified to get appointed as an Auditor - Any two (02) of the following;

a) A director or employee of the company

b) A person who is a partner of or in the employment of a director or employee of the company

c) A liquidator or an administrator or person who is a receiver in respect of the property of the company

d) A body corporate

(ii) The process of Appointment of first auditor

1) The first auditor of a company may be appointed by the board of the company before the first annual general meeting, and if so appointed, will hold office until the conclusion of the meeting.

2) If the board does not appoint an auditor under (1) above, the company shall appoint the first auditor at a meeting of the company.

3) Neither the board nor the company shall be required to appoint an auditor in accordance with the above provisions, if a unanimous resolution is passed by the shareholders that no auditor be appointed. Such a resolution ceases to have effect at the commencement of the annual general meeting.

(b)

Identification of the type of modified audit opinion issued to Energy Beverages PLC

it is a qualified audit opinion. Qualified opinion must be expressed in the auditor's report

- When the auditor condensed that misstatement s are material, but not pervasive to the financial statements.

- The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion but concludes that the possible effects of undetected misstatements, it any, could be material but not pervasive.

Explanation

Auditor of Energy Beverages PLC was appointed on 7th June 2014 and they were unable to satisfy about the verification of inventory quantities held as at 31st March 2014. Therefore opening inventories enter into the determination of financial performance and cash flows and the auditor was unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the income statement and the net cash flows from operating activities in the cash flow statements.

This issue can be treated as a "scope limitation" at the audit process and the impact for the financial statements are material but not pervasive. Therefore auditor expresses a qualified audit opinion based on the above scope limitation.

End of Section B

SECTION –C

Medium Sized Scenario Questions (MSQs).

Two questions and each carries 14 marks

ALL questions to be answered.

(Total = 28 marks)

Suggested Answers to Question Eight:

(a) **Components of internal control frame-work.**

1. Control environment - Culture of the organization and its attitude to risk.
2. Risk assessment - Identification, analysis and management of uncertainities faced by the entity.
3. Control activities - Internal controls designed to fulfill a particular objective.
4. Information and communication - Process of capturing and exchanging information needed to conduct, manage and control the operations.
5. Monitoring - Assessment of the quality of internal controls.

Note : ***The answer expected is shown above. the following explanatory notes for the information of students as further reading material.***

01. Control environment

This refers to the culture of the organization and its attitudes to risk. A risk awareness culture is created by the leader of the organization, who should provide an example to all other employees. The effectiveness of an internal control system depends on the attitudes to risk and risk awareness of the people in it.

The control environment encompasses the following elements,

- Communication and enforcement of integrity and ethical values.
- Commitment to competence
- Participation by those charged with governance, management's philosophy and operating style
- Organization structure
- Assignment of authority and responsibility
- Human resources policies and practices

02. Risk Assessment

This refers to the identification, analysis, and management of uncertainty facing the organization. Risk assessment focuses on the uncertainties in meeting the organization's financial, compliance, and operational objectives.

For financial reporting purposes, the entity's risk assessment process includes how management,

- Identifies business risk relevant to the preparation of financial statements in accordance with the entity's applicable financial reporting framework.
- Estimate their significance.
- Assess the likelihood of their occurrence and
- Decides upon actions to respond and manage them and the results thereof.

03. Control activities

These are the internal controls, which are designed to fulfill a particular objective.

Generally control activities that may be relevant to an audit may be categorized as policies and procedures that pertain to the following.

a) Segregation of duties
b) Physical controls
c) Authorization and approval
d) Management controls
e) Supervision controls
f) Organization controls
g) Arithmetical and accounting controls
h) Personal controls

04. Information and communication

Information and communication is the process of capturing and exchanging the information needed to conduct, manage, and control the company's operations. Therefore, the information and communication component of internal control is a necessary prerequisite for achieving management's objectives. To make effective decisions, managers must have access to timely, reliable and relevant information.

The information system relevant to financial reporting objectives, which includes the financial reporting system, consist of the procedures and reports established to initiate, record, process, and report entity transactions, events and conditions and to maintain accountability for the related assets, liabilities, and equity.

An information system consists of infrastructure (physical and hardware components), software, people, procedures, and data. Many information systems make extensive use of information technology (IT).

05. Monitoring

This refers to the assessment of the quality of internal control. Monitoring activities provide information about potential and actual breakdowns in control systems that could make it difficult for an organization to accomplish its goals. Responsibility of monitoring internal control rests with the board of directors of the company.

- Management's review of whether bank reconciliations are being prepared on a timely basis.
- Internal auditor's evaluation of sales personnel's compliance with the entities policies on terms of sales controls and
- A legal department's oversight of compliance with the entities ethical or business practice policies.

(b) Risk Areas in Procurement Process

Risk	Mitigating Technique
Goods that are not required are ordered	All goods purchased should be supported by an authorized purchase requisition
Goods may be purchased at an excessive price	Purchase decisions should be taken according to the approved prices of the company and authorized person should check whether prices are reasonable compared with market prices.
Supplier submits an invoice for an incorrect amount or for goods that have been delivered	All invoices should be checked with GRNS before payment are made

(c)

(i) Internal control weakness	(ii) Suggested internal control to overcome the weakness
Lack of segregation of duties. Entire sales system centralizes with one person (shiroma) / account executive. - Documentation of sales orders - Preparation of invoice - Preparation of credit note - Recording receipts - Maintaining debtors receivable register	It is recommended to segregate duties among at least three persons, by executing internal check of each process. Agents orders need to be submitted in written form and orders are required to be approved prior to preparation of sales invoice Recommended method is standard Purchase order should be submitted by agents to process the sales invoices.
Agents place orders over the phone contacting accounts executive, and it has been recorded in a note book. Sales / goods returns are not authored to prepare the credit note.	All the returned goods need to be authorized prior to preparation of the credit notes. Generally, sales manager should inquire the reasons for returns and approve accordingly. Monthly debtor statements need to be submitted to all the debtors.
Credit management process. Cannot be accepted since monthly statement for debtors are not duly submitted. Sales manager reminds these over phone.	Outstanding debts need to be collected according to the credit period given.

(iii)

Preventive Controls

1. Serially numbered pre-printed credit notes approved by authorized person before entering into the system.
2. Approving delivery notes by authorized person and the dispatch quantities should be checked and recorded by a seperate person. (Securities people can be assigned for this task.)
3. Conducting regular debtors follow up meetings and identifying the long outstanding debts of agents to take necessary actions.
4. Cheking all goods retured by the stores manager with security persons and identifying the reasons for returns. Rejecting the returns which cannot be accepted according to policy of returns.

Detective Controls

1. Checking the accuracy of invoices by a separate person and signing as checked on the invoice.
2. Automatic blocking of invoicing for the agents who have exceeded the credit limit. Checking and mentioning the credit status on each invoice at he time of raising the invoice.

Suggested Answers to Question Nine:

(a) Elements of a Quality Control System - Any three (03) of the following.

01. Leadership responsibilities for quality within the firm

The firm shall establish policies and procedures desired to promote an internal culture recognizing that quality is essential in performing engagements. Such culture must be inspired by the leader of the firm, who must sell this culture in his actions and messages. In other words, the entire business strategy of the firm should be driven by the need for the quality in its operations.

The firm's managing partners are requied to assume ultimate responsibility for the firm's system of quality controls. They may appoint an individual or group of individuals to maintain quality within the firm. Such person must have, Sufficient and appropriate experience and ability to carry out the job, And the required authority to carry out the job.

02. Ethical requirements.

The firm shall establish policies and procedures designed to provide it with reasonable assurance that the firm and its personnel comply with relevant ethical requirements.

Eg: compliance with relevant ethical requirements.

Such policies and procedures shall enable the firm to:

a) Communicate its independence requirements to its personnel.

b) Identify and evaluate circumstances and relationships that create threats to independence.

c) Take appropriate actions to eliminate those threats or reduce them to an acceptable level by applying safeguards, or if considered appropriate, to withdraw from the engagement, where withdrawal is possible under applicable law or regulation.

03. Acceptance and continuance of client relationships

A firm should only accept, or continue with, a client where,

- It has considered the integrity of the client and does not have information that the client lacks integrity.
- Is competent to perform the engagement and has the required capabilities, including time and resources.
- Can comply with ethical requirements including appropriate independence from the client.

Policies and procedures to be considered when accepting and continuing the client relationship;

- The firm to obtain such information as it considers necessary in the circumstances before accepting an engagement with a new client, when deciding whether to continue an existing engagement, and when considering acceptance of a new engagement with an existing client.
- If a potential conflict of interest is identified in accepting an engagement from a new or an existing client, the firm has to determine whether it is appropriate to accept the engagement.
- If issues have been identified, and the firm decides to accept or continue the client relationship or a specific engagement, the firm has to document how the issues were resolved.

04. Human resources

The firm's averring desire for quality will necessitate procedures on ensuing excellence in its staff, to provide the firm with reasonable assurance that it has sufficient personnel with the competence, capabilities and commitment to ethical principles necessary to perform engagements in accordance with professional standards and application and regulatory requirements.

The firm is responsible for the ongoing excellence of its staff, through continuing professional development, education and work experience of staff.

05. Engagement performance

The firm should take steps to ensure that engagements are performed correctly in accordance with standards and guidance. Firms often produce a manual of standard engagement procedures to give to all staff so that they know the standards they are working towards.

06. Monitoring

The firm must have policies in place to ensure that their quality control procedures are;

- Relevant
- Adequate
- Operating effectively

There are two types of operating activities;

1. An ongoing evaluation of the system of quality control.
2. Cyclical inspection of completed engagement.

   The people monitoring the system are required to evaluate the effect of any deficiencies found. Monitors will be more concerned with systematic or repetitive deficiencies that require corrective action.

Some example for corrective action

- Remedial action with an individual
- Communication of findings with the training department
- Changes in the quality control policies and procedures.
- Disciplinary actions if required.

All quality control policies and procedures should be documented and communicated to the firm's personnel.

(b) **I.T. General Controls**

(i) General controls

The purpose of general it control is to establish a framework of overall control over the computer information system's activities to provide a reasonable level of assurance that the overall objectives of internal control are achieved. They include control over the access security, data center and network operations, software acquisition, development and maintenance. They are sometimes referred to as supervisory, management in information technology controls.

(ii) Controls for Prevention or detection of unauthorized changes to programs

- Segregation of duties
- Password protection of programs so that access is limited to computer operation staff
- Restricted access to central computer by locked doors, keypad
- Virus check on software. Use of anti-virus software and policy prohibiting use of non-authorized programs of files.
- Backup copies of programs being taken and stored in other locations.

(c) Risk assessment procedures to identify and assess the risk of material misstatements.

(i) Risk assessment procedure to obtain information in identifying the risks of material misstatement due to fraud shall include the following; (any five (05) of the following)

1. Inquires from management regarding
   - Management's assessments of the risk that the financial statement may be misstated due to fraud
   - Management's process for identifying and responding to the risk of fraud
   - Management's communication to those charged with governance in respect of its process for identifying and responding to the risk of fraud
   - Management's communication to employees regarding its views on business practices and ethical behavior
   - Knowledge of any actual, suspected or alleged fraud
2. Inquires from internal audit for knowledge of any actual, suspected or alleged fraud, and its views on the risk of fraud.
3. Obtaining an understanding of how those charged with governance oversee management's process for identifying and responding to the risk of fraud and the internal control established to mitigate these risks.
4. Inquires from those charged with governance for knowledge of any actual, suspected or alleged fraud.
5. Evaluating whether any unusual relationships have been identified in performing analytical procedures that may indicate risk material misstatement due to fraud.
6. Considering whether any other information may indicate risk material misstatement due to fraud.
7. Evaluating whether any fraud risk factors are present.

(ii) <u>Areas that need focus - Any three (03) of the following.</u>

1. Although sales increased by 33%, costs increased by 40% and GP margin has declined. The auditor need to seek the reason for cost escalation and whether unusual expenses have been incurred.
2. During the year, new loans have been obtained. Therefore the loan agreements have to be checked for the terms, debt covenants which require compliance and disclosures in the financial statements.
3. The reasons for the increase in costs (both admin and distribution) should be checked.
4. New shares have been issued and therefore, the shareholder details and filing made with company registrar and share certificates have to be checked.
5. The required approval and the reasons for write off of the old machineries have to be checked.
6. During the year, warehouse has been rented out but the revenue is not shown as other income.

Note : The answers expected is any three (03) areas only out of the six (06) areas listed above. The following analytical review is shown for information of students as workings.

Design Furniture (Pvt) Limited

Areas need to be focused when performing the Audit

01.The following areas need to be given special Attention based on the below Basic Analytical Review

Analysis of Comprehensive Income Statement

	Rs 000				
	2015	**2014**		**Variance %**	
Sales	1,200	900	↑	33%	
Cost of Sales	865	620	↑	40%	
GrossProift	335	280	↑	20%	
GP Margin	28%	31%	↓	-10%	GP Margin Dropped by 10% Need to be checked
Selling & Distribution E	85	54	↑	57%	S & D Expenses Increased by 57% Need to be checked with sales Volume
Administrative Expense	43	34	↑	26%	Admin cost Expenses Increased by 26% Need to be checked
Operating Profit	207	192	↑	8%	
Finance Expenses	20	16	↑	25%	
(ii) Profit Before Tax	187	176	↑	6%	
Tax	75	58	↑	29%	
Profit for the Year	112	118	↓	-5%	

Analysis of Statement of Financial Position

	2015	**2014**		**Variance Rs 000**
Non -Current Assets				
Property Plant & Equip	890	695	↑	195
Current Assets				
Inventories	98	75	↑	23
Trade & Other Receivab	30	22	↑	8
Cash & Cash Equivalen	85	50	↑	35
	213	147	↑	66
	1,103	**842**	↑	261
Equity & Liabilities				
Stated Capital	390	350	↑	40
Retained Earnings	320	202	↑	118
	710	552	↑	158
Non Current Liabilities				
Borrowings	150	115	↑	35
Defined Benefit Obligat	20	15	↓	5
	170	130	↑	40
Current Liabilities				
Trade & Other Receivab	134	100	↓	34
Borrowings	89	60	↓	29
	223	160	↑	63
	1,103	**842**	↑	261

02. Durring the year company has witten off some oild production machineries andpurches new machine.This transaction need to be checked.

03. Company has rented out a warehouse in Horana to a third party.But there is no inevestment property in the Financila statements. Auditorshould give more attention in this regard.

Suggested Answers to Question Ten:

(a) <u>Financial Events / Conditions casting doubts about the going concern assumption: Any five (05) of the following;</u>

1 Net liability or net current liability position

2 Fixed –term borrowings approaching maturity without realistic prospects of renewal or repayment

3 Indications of withdrawal of financial support by creditors

4 Negative operating cash flows (historical or prospective)

5 Adverse key financial ratios

6 Substantial operating losses or significant deterioration in the value of assets used to generate cash flows

7 Arrears or discontinuance of dividends

8 Inability to pay creditors on due dates

9 Inability to comply with terms of loan agreements

10 Change from credit to cash- on-delivery transactions with suppliers

11 Inability to obtain financing for essential new product development or other essential investments

(b)

(i) Explanation of "Observation" stating its limitations.

This involves watching a procedure or process being performed(for example ,post opening). It is of limited use, as it only confirms that procedure took place when the auditor was watching, and because the act of being observed could affect how the procedure or process was performed E.g.

- Observation physical stock verification
- Observe internal control system of an Entity to determine effective application of those controls

(ii) <u>Identification of Analytical Procedures – Inventory</u>

- <u>Analysis of Actual stock Residence period Vs policy Trend Analysis of stock residence period</u>

	Rs. 000	Rs.000
	2015	**2014**
Closing Stock	565,000	380,000
Cost of Sales	1,720,000	1,176,000
Stock Residence Period	$\frac{565,000\times365}{1,720,000}$	$\frac{380,000\times365}{1,176,000}$
	=119.8 Days	=117.9 Days

The above actual stock residence period can be compared with stock residence policy of the company. If there are any significant variances between actual stock residence period and the policy it is required to give more attention in this regard.

- Reasonableness Test

  This involves calculating the **expected stock levels** of each stock item based on the demand and production pattern.

  It can be compared with Actual stock levels maintained by the company.

(iii) Audit procedures to check Accuracy of Valuation of Raw Materials

Raw materials are valued on the weighted average cost which is calculated by the system .The following tests need to be carried out in order to verify the accuracy of valuation of the raw materials.

1 Select sample of stock items of each category and check with system whether correct prices were entered into the system. Auditor should cross check with the purchase orders (POS) and quantities that appear to be the same with the Inventory Module.

2 Auditor should check the purchase prices which appear in POS with purchase invoices.

3 Auditor can perform re- calculation process with regard to weighted average cost of each stock item and it can be cross checked with the system average.

4 Further, auditor should ensure that the net Realizable value of the entity's Raw materials is not lower than the weighted average cost.

(c)

I. Weaknesses of debtors confirmation process.

1 Determining the information to be confirmed on request

The given Debtor's confirmation process does not indicate the exact type of information to be confirmed or requested in given situation.

2 Inadequacy of Sample to call confirmation from Debtors

According to the given information there are only six debtors out of 110 who have been selected to call for confirmation. The given confirmation procedure does not indicate the total value of the debtors, therefore the adequacy of the selected sample cannot be decided.

3 Method of confirmation is not mentioned in the working paper.

It is required to mention the method of calling for confirmation whether positive or negative. The additional audit procedures that need to be taken has to be decided based on the reply from debtors.

II. <u>Other weaknesses of the Working Paper</u>

1 Date of preparation of the working paper is not mentioned.

2 Name of the Client is not mentioned

3 Date of Statement of Financial Position is not mentioned.

4 Total value of the debtors balance is not mentioned and relevant references are not given.

End of Section C