

# ACCA



Examiner reviewed content

## PAPER P7

高级审计与认证业务（国际版）

## ADVANCED AUDIT AND ASSURANCE (INTERNATIONAL)

BPP Learning Media 著

课 本  
STUDY TEXT

FOR EXAMS IN 2012



华中科技大学出版社

<http://www.hustp.com>

**BPP**  
LEARNING  
MEDIA



# ACCA

## PAPER P7

P7 高级审计与认证业务（国际版）

ADVANCED AUDIT AND ASSURANCE  
(INTERNATIONAL)

BPP Learning Media 著

STUDY  
TEXT  
课本

BPP Learning Media is the **sole ACCA Platinum Approved Learning Partner** – content for the ACCA qualification. In this, **the only Paper P7 study text to be reviewed by the examiner:**

- We **discuss** the **best strategies** for studying for ACCA exams
- We **highlight** the **most important elements** in the syllabus and the **key skills** you will need
- We **signpost** how each chapter links to the syllabus and the study guide
- We **provide** lots of **exam focus points** demonstrating what the examiner will want you to do
- We **emphasise key points** in regular **fast forward summaries**
- We **test your knowledge** of what you've studied in **quick quizzes**
- We **examine your understanding** in our **exam question bank**
- We **reference all the important topics** in our **full index**

BPP's i-Pass product also supports this paper.

FOR EXAMS IN 2012



华中科技大学出版社

<http://www.hustp.com>

中国·武汉

ACCA考试用书. P7 高级审计与认证业务 (国际版) 课本 P7 Advanced Audit and Assurance (INT) Studytext : 英文 / 英国BPP出版有限公司编. -- 武汉 : 华中科技大学出版社, 2011.12

ISBN 978-7-5609-7662-4

I. ①A... II. ①英... III. ①审计—会计师—资格考试—教材—英文②认证—会计师—资格考试—教材—英文 IV. ①F23

中国版本图书馆CIP数据核字(2011)第270774号

**P7 高级审计与认证业务 (国际版) 课本**

**P7 Advanced Audit and Assurance (INT) Studytext**

BPP Learning Media 著

策划编辑: 周小方

责任编辑: 周小方

出版发行: 华中科技大学出版社 (中国·武汉)

武汉喻家山 邮编: 430074 电话: (027) 87557437

网 址: [http:// www.hustp.com](http://www.hustp.com)

印 刷: 武汉三新大洋数字出版技术有限公司

开 本: 880mm×1230mm 1/16

印 张: 35

字 数: 825千字

版 次: 2012年1月第1版第1次印刷

ISBN : 978-7-5609-7662-4

定 价: 220.00元

版权由 BPP Learning Media 所有。未经 BPP Learning Media 的书面许可, 不得以任何形式或任何途径, 电子的或机械的, 包括影印、录制或通过任何信息存储检索系统重编或传播本书的任何部分。

本版本由 BPP Learning Media 授权华中科技大学出版社出版。本版本仅限于中华人民共和国境内 (不包括中国香港特别行政区、澳门特别行政区和台湾地区) 发行使用。

在此, 特别致谢 ACCA 许可 BPP Learning Media 重新出版 ACCA 考试历年试题。本书题库中收录的建议的试题答案, 除非另外注明, 均由 BPP Learning Media 给出。

All rights reserved by BPP Learning Media. No part of this book may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or by any information storage retrieval system, without permission from BPP Learning Media.

BPP Learning Media authorize Hua Zhong University of Science and Technology Press to publish this edition in China. This edition is only for use and distribution in People's Republic of China excluding Hong Kong SARs, Macao SARs and Taiwan.

We are grateful to the Association of Chartered Certified Accountants for permission to reproduce past examination questions. The suggested solutions in the exam answer bank have been prepared by BPP Learning Media Ltd, unless otherwise stated.

本书若有印装质量问题, 请与我们联系更换  
全国服务热线: 021-58366718 转 0, 竭诚为您服务  
版权所有 侵权必究

# 关于 BPP Learning Media

BPP Learning Media 作为一家职业考试资料的出版商，在市场上一直独占鳌头。从 1977 年开始，我们就出版了很多高质量关于会计、营销和金融服务资格方面的产品。BPP 是全球 150 多个国家的学生、培训提供商、公司和专业机构的最佳选择。

BPP Learning Media 是 ACCA 官方认可的唯一的铂金级学习内容合作伙伴。这项与 ACCA 的伙伴关系确保了，在出卷考官的审订下，我们的教材正确的程度上涵盖了考纲并且符合了考试的要求。这项合作也允许我们在练习册内发布新近的考卷内容，包括考官的答案与评分。您可以信赖 BPP Learning Media 的产品，它们包含最新信息且关注重点，传递给您来自 BPP 作者和讲师们的专业知识和丰富经验。

除了 ACCA 系列外，BPP Learning Media 的课本和资料还涉及课程：

- 清算会计
- 商业税收和税收管理
- 金融营销和市场调查
- 银行业 IT
- 金融英语

## P7 INT（课本）简介

本课本教你如何应用以前课程中学到的相关知识和技能，分析、评估并约定审计业务。我们的课本设计注重大纲中最重要的方面，包括：

- 制度环境
- 职业和道德考量
- 实务管理
- 任命
- 领导并管理个人和团队
- 报告
- 当前问题和发展

P7 课本经由考官审核，包含所有你需要知道的本课程相关内容，其中有详尽的应试指南和测验卷习题。题库中包含的习题符合 P7 考试的形式，每个章节都有实用的考点和章节总结。课本囊括了审计和签证业务中主要的职业和规定的内容，首先注重道德、职业和实务管理，随后是审计和签证业务的流程，最后探讨当前问题和发展。

# BPP 授权华中科技大学出版社在中国发行的 FIA 及 ACCA 课本:

## 基础阶段课程

### Knowledge Module

#### 知识课程

FAB/F1 Accountant in Business

FAB/F1 会计师与企业

FMA/F2 Management Accounting

FMA/F2 管理会计

FFA/F3 Financial Accounting

FFA/F3 财务会计

### Skills Module

#### 技能课程

F4 Corporate and Business Law (ENG)

F4 公司法与商法 (英国版)

F4 Corporate and Business Law (CHN)

F4 公司法与商法 (中国版)

F5 Performance Management

F5 业绩管理

F6 Taxation (UK)

F6 税务 (英国版)

F6 Taxation (CHN)

F6 税务 (中国版)

F7 Financial Reporting (INT&UK)

F7 财务报告 (国际版和英国版)

F8 Audit and Assurance (INT)

F8 审计与认证业务 (国际版)

F9 Financial Management

F9 财务管理

## 专业阶段课程

### Essentials Module

#### 核心课程

P1 Governance, Risk and Ethics

P1 公司治理、风险管理及职业操守

P2 Corporate Reporting (INT&UK)

P2 公司报告 (国际版和英国版)

P3 Business Analysis

P3 商务分析

### Options Module

#### 选修课程

P4 Advanced Financial Management

P4 高级财务管理

P5 Advanced Performance Management

P5 高级业绩管理

P6 Advanced Taxation (UK)

P6 高级税务 (英国版)

P7 Advanced Audit and Assurance (INT)

P7 高级审计与认证业务 (国际版)

# A note about copyright

Dear Customer

What does the little © mean and why does it matter?

Your market-leading BPP books, course materials and e-learning materials do not write and update themselves. People write them: on their own behalf or as employees of an organisation that invests in this activity. Copyright law protects their livelihoods. It does so by creating rights over the use of the content.

Breach of copyright is a form of theft – as well as being a criminal offence in some jurisdictions, it is potentially a serious breach of professional ethics.

With current technology, things might seem a bit hazy but, basically, without the express permission of BPP Learning Media:

- Photocopying our materials is a breach of copyright
- Scanning, ripcasting or conversion of our digital materials into different file formats, uploading them to facebook or emailing them to your friends is a breach of copyright

You can, of course, sell your books, in the form in which you have bought them – once you have finished with them. (Is this fair to your fellow students? We update for a reason.) But the e-products are sold on a single user licence basis: we do not supply 'unlock' codes to people who have bought them second-hand.

And what about outside the UK? BPP Learning Media strives to make our materials available at prices students can afford by local printing arrangements, pricing policies and partnerships which are clearly listed on our website. A tiny minority ignore this and indulge in criminal activity by illegally photocopying our material or supporting organisations that do. If they act illegally and unethically in one area, can you really trust them?

# Helping you to pass – the **ONLY P7 Study Text** reviewed by the examiner!

## BPP Learning Media – the sole Platinum Approved Learning Partner - content

As ACCA's sole **Platinum Approved Learning Partner – content**, BPP Learning Media gives you the **unique opportunity** to use **examiner-reviewed** study materials for the 2012 exams. By incorporating the examiner's comments and suggestions regarding the depth and breadth of syllabus coverage, the BPP Learning Media Study Text provides excellent, **ACCA-approved** support for your studies.

## The PER alert

Before you can qualify as an ACCA member, you do not only have to pass all your exams but also fulfil a three year **practical experience requirement** (PER). To help you to recognise areas of the syllabus that you might be able to apply in the workplace to achieve different performance objectives, we have introduced the '**PER alert**' feature. You will find this feature throughout the Study Text to remind you that what you are **learning to pass** your ACCA exams is **equally useful to the fulfilment of the PER requirement**.

## Tackling studying

Studying can be a daunting prospect, particularly when you have lots of other commitments. The **different features** of the text, the **purposes** of which are explained fully on the **Chapter features** page, will help you whilst studying and improve your chances of **exam success**.

## Developing exam awareness

Our Texts are completely **focused** on helping you pass your exam.

Our advice on **Studying P7** outlines the **content** of the paper, the **necessary skills** the examiner expects you to demonstrate and any **brought forward knowledge** you are expected to have.

**Exam focus points** are included within the chapters to highlight when and how specific topics were examined, or how they might be examined in the future.

## Using the Syllabus and Study Guide

You can find the syllabus and Study Guide on page xi of this Study Text

## Testing what you can do

Testing yourself helps you develop the skills you need to pass the exam and also confirms that you can recall what you have learnt.

We include **Questions** – lots of them – both within chapters and in the **Exam Question Bank**, as well as **Quick Quizzes** at the end of each chapter to test your knowledge of the chapter content.



# Chapter features

Each chapter contains a number of helpful features to guide you through each topic.

## Topic list

Topic list	Syllabus reference

Tells you what you will be studying in this chapter and the relevant section numbers, together the ACCA syllabus references.

Puts the chapter content in the context of the syllabus as a whole.

Links the chapter content with ACCA guidance.

Highlights how examinable the chapter content is likely to be and the ways in which it could be examined.

What you are assumed to know from previous studies/exams.

Summarises the content of main chapter headings, allowing you to preview and review each section easily.

Demonstrate how to apply key knowledge and techniques.

Definitions of important concepts that can often earn you easy marks in exams.

Tell you when and how specific topics were examined, or how they may be examined in the future.

Formulae that are not given in the exam but which have to be learnt.

This is a new feature that gives you a useful indication of syllabus areas that closely relate to performance objectives in your Practical Experience Requirement (PER).

Give you essential practice of techniques covered in the chapter.

Provide real world examples of theories and techniques.

A full list of the Fast Forwards included in the chapter, providing an easy source of review.

A quick test of your knowledge of the main topics in the chapter.

Found at the back of the Study Text with more comprehensive chapter questions. Cross referenced for easy navigation.

## Introduction

## Study Guide

## Exam Guide

Knowledge brought forward from earlier studies

FAST FORWARD

## Examples

### Key terms

### Exam focus points

### Formula to learn



Question



Case Study

## Chapter Roundup

## Quick Quiz

## Exam Question Bank



# Studying P7

As the name suggests, this paper examines advanced audit and assurance topics. Paper P7 is one of the professional level Options papers and as such candidates must consider carefully whether they have the required competencies.

## The P7 examiner

The examiner, Lisa Weaver, expects you to demonstrate a highly **professional approach** to all questions – not just presenting information in a professional manner, but also **integrating knowledge and understanding** of topics from across the syllabus. The examiner is also very keen for students to demonstrate evidence of **wider reading** and to demonstrate an understanding of current issues as they affect audit and assurance. At the absolute minimum you should read *student accountant*. The examiner often examines topics that she has written about in *student accountant*.

## Syllabus update

The P7 syllabus has been updated for the June 2012 sitting onwards. The full syllabus and study guide can be found in this Study Text on pages xi to xxi.

# 1 What P7 is about

The aim of the syllabus is to analyse, evaluate and conclude on the assurance engagement and other audit and assurance issues in the context of best practice and current developments.

The paper builds on the topics covered in Paper F8 *Audit and Assurance* but as an advanced paper it tests much more than just your knowledge of ISAs and your ability to list standard audit procedures. You must be able to apply your knowledge to more complex audit and assurance scenarios, identifying and formulating the work required to meet the objectives of audit and non-audit assignments and to evaluate the findings and results of work performed. Accounting knowledge examined in Paper P2 *Corporate Reporting* is also assumed. Therefore, candidates studying for P7 should refer to the Accounting Standards listed under P2.

The syllabus is divided into **SEVEN** main sections:

(a) **Regulatory environment**

This section introduces the legal and regulatory environment including **corporate governance** issues. It also examines the topics of **money laundering** and the consideration of law and regulation.

(b) **Professional and ethical considerations**

The details of the various **ethical codes** should be familiar to you from your earlier studies, however the importance of this topic should not be underestimated. The examiner has indicated that ethical and professional issues are likely to feature in every sitting. This section also covers **fraud and professional liability** both of which are topical issues.

(c) **Practice management**

This part of the syllabus covers quality control, tendering and professional appointments. It also covers advertising, publicity, obtaining professional work and fees.

(d) **Audit of historical financial information**

This is the largest section of the syllabus looking in detail at the procedures involved in a range of audit and assurance assignments. The examiner has indicated that evidence gathering is a key part of the syllabus and is likely to feature at each sitting. Requirements are likely to focus on **specific assertions, balances or transactions**.

(e) **Other assignments**

This section also covers a range of **audit-related and assurance services**. The examiner has stressed the need for candidates to be able to tackle these types of scenario.

(f) **Reporting**

The detail of audit reports should be familiar to you from your earlier studies. At this level you will be expected to **apply this knowledge** to more complex scenarios. The examiner has also stressed the importance of the **relationship between financial reporting and auditing**. This will be particularly important when forming an appropriate audit opinion. This section of the syllabus also includes reports to management and other reports.

(g) **Current issues and developments**

Current issues and developments includes a wide range of topics including the IAASB clarity project, professional, ethical and corporate governance, information technology, going concern transnational audits and social and environmental auditing. The examiner has indicated that this is likely to be examined at each sitting, and that candidates are expected to have read around the issues for themselves. You will need to be able to discuss current issues topics **in the context of a client scenario**.

## 2 What skills are required?

- A thorough understanding of the relevant audit, assurance and financial reporting regulations that fall within the syllabus
- The ability to apply knowledge to specific client scenarios
- The ability to have an independent opinion, backed by reasoned argument
- An appreciation of commercial factors which influence practice management
- An appreciation of fast-moving developments in audit and assurance practices

## 3 How to improve your chances of passing

- Study the **entire** syllabus. Although Section B of the paper contains an optional element, the two questions in Section A are compulsory and could cover a range of topics from across the syllabus. Question spotting at this level is unwise and not recommended.
- **Practise** as many questions as you can under **timed conditions** – this is the best way of developing good exam technique. Make use of the **Question Bank** at the back of this text. **BPP's Practice and Revision Kit** contains numerous exam standard questions (many of them taken from past exam papers) as well as three mock exams for you to try.
- Section A questions will be the case study type of question – make sure you relate your answers to the scenario rather than being generic. Answers that are simply regurgitated from texts are unlikely to score highly.
- Present your answers in a **professional** manner – there are between four and six **professional marks** available for setting answers out properly and for coherent, well structured arguments and recommendations. You should be aiming to achieve all of these marks.
- Consider the **question requirement** carefully so that you answer the actual question set.
- **Answer plans** will help you to focus on the requirements of the question and enable you to manage your time effectively
- Answer the question that you are most comfortable with first – it will help to settle you down if you feel you have answered the first question well.
- **Answer all parts** of the question – leaving out a five mark discursive element for example may mean the difference between a pass and a fail.
- Read the financial press and relevant web sites for real life examples – the examiner is specifically looking for evidence of **wider reading**.
- Read **Student Accountant** (the ACCA's student magazine) regularly – it often contains technical articles written either by or on the recommendation of the examiner which can be invaluable for future exams.

The P7 examiner made the same comment in a number of her recent examiner's reports which is so important that we will quote it here:

“Similar factors as detailed in previous examiner's reports continue to contribute to the unsatisfactory pass rate:

- Failing to answer the specific question requirements
- Not applying knowledge to question scenarios
- Not explaining or developing points in enough detail
- Lack of knowledge on certain syllabus areas
- Illegible handwriting.”

“As seen in previous sittings, **what makes the difference between a pass and a fail script is usually the level of application skills which have been demonstrated. Candidates who answer the specific question requirement, and tailor their answers to the scenarios provided are likely to do well.**”

## 4 Brought forward knowledge

The P7 syllabus assumes knowledge brought forward from F8 *Audit and Assurance*. It also assumes knowledge from Paper F7 *Financial Reporting* and Paper P2 *Corporate Reporting*. It is very important to be comfortable with your financial reporting studies because such aspects are likely to come up in scenario-based questions in Sections A and B of this paper.

The P7 examiner, Lisa Weaver, has written a number of articles relevant to the P7 exam and it is highly recommended that you read them. A list of these articles can be found after chapter 18 of this study text.

# The exam paper

## Format of the paper

Section A:	Two compulsory questions
Section B:	Choice of two from three questions

<i>Number of marks</i>
50-70
30-50
<u>100</u>

Time allowed: 3 hours

## Guidance

Section A will consist of two compulsory 'case study' style questions. These will include detailed information including, for example extracts from financial statements and audit working papers. The questions will include a range of requirements covering different syllabus areas.

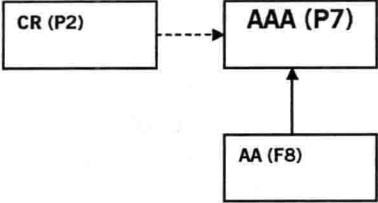
Exams in 2011 will feature a new style of question requirement in Section A, with the requirement being embedded within the scenario. For more information on the change, see the examiner (Lisa Weaver)'s article in the February 2010 edition of *Student accountant*.

Section B questions will tend to be more focussed towards specific topic areas, such as ethical issues and auditor's reports. Short scenarios will be provided as a basis for these questions.

# Syllabus and Study Guide

The P7 syllabus and study guide can be found below.

## Syllabus



### AIM

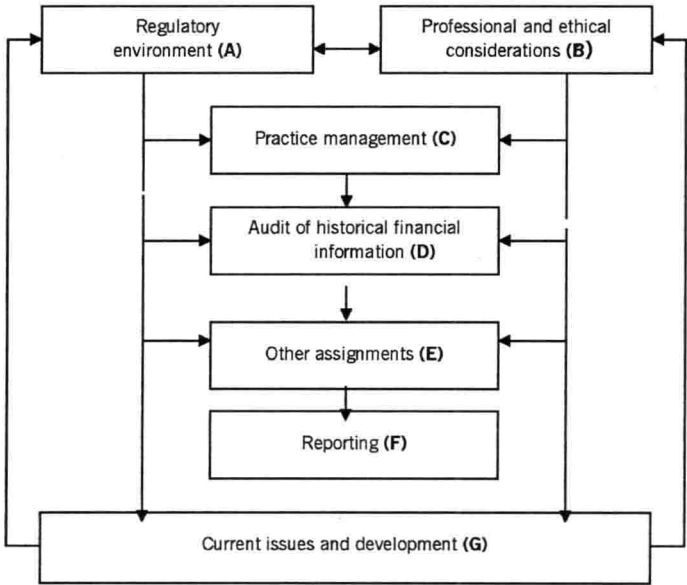
To analyse, evaluate and conclude on the assurance engagement and other audit and assurance issues in the context of best practice and current developments.

### MAIN CAPABILITIES

On successful completion of this paper candidates should be able to:

- A** Recognise the legal and regulatory environment and its impact on audit and assurance practice
- B** Demonstrate the ability to work effectively on an assurance or other service engagement within a professional and ethical framework
- C** Assess and recommend appropriate quality control policies and procedures in practice management and recognise the auditor's position in relation to the acceptance and retention of professional appointments
- D** Identify and formulate the work required to meet the objectives of audit assignments and apply the International Standards on Auditing
- E** Identify and formulate the work required to meet the objectives of non-audit assignments
- F** Evaluate findings and the results of work performed and draft suitable reports on assignments
- G** Understand the current issues and developments relating to the provision of audit-related and assurance service

### RELATIONAL DIAGRAM OF MAIN CAPABILITIES



## **RATIONALE**

The Advanced Audit and Assurance syllabus is essentially divided into seven areas.

The syllabus starts with the legal and regulatory environment including money laundering, and professional and ethical considerations, including the Code of Ethics and professional liability. This then leads into procedures in practice management, including quality control and the acceptance and retention of professional engagements.

The syllabus then covers the audit of financial statements, including planning, evidence and review. It then covers other assignments including prospective financial information, and other assurance assignments, as well as the reporting of these assignments.

The final section covers current issues and developments relating to the provision of audit-related and assurance services.

## **DETAILED SYLLABUS**

### **A Regulatory Environment**

1. International regulatory frameworks for audit and assurance services
2. Money laundering
3. Laws and regulations

### **B Professional and Ethical Considerations**

1. Code of Ethics for Professional Accountants
2. Fraud and error
3. Professional liability

### **C Practice Management**

1. Quality control
2. Advertising, publicity, obtaining professional work and fees
3. Tendering

### **4. Professional appointments**

### **D Audit of historical financial information**

1. The audit of historical financial information including:
  - i) Planning, materiality and assessing the risk of misstatement
  - ii) Evidence
  - iii) Evaluation and review
2. Group audits

### **E Other assignments**

1. Audit-related services
2. Assurance services
3. Prospective financial information
4. Forensic audits
5. Internal audit
6. Outsourcing

### **F Reporting**

1. Auditor's reports
2. Reports to those charged with governance and management
3. Other reports

### **G Current Issues and Developments**

1. Professional and ethical
2. Information technology
3. Transnational audits
4. Social and environmental auditing
5. Other current issues



## APPROACH TO EXAMINING THE SYLLABUS

The examination is a three hour paper constructed in two sections. Questions in both sections will be almost entirely discursive. However, candidates will be expected, for example, to be able to assess materiality and calculate relevant ratios where appropriate.

Section A questions will be based on 'case study' type questions. That is not to say that they will be particularly long, rather that they will provide a setting within a range of topics, issues and requirements can be addressed. Different types of question will be encountered in Section B and will tend to be more focussed on specific topics, for example 'auditor's reports', 'quality control' and topics of ISAs which are not examinable in Paper F8, *Audit and Assurance*. (This does not preclude these topics from appearing in Section A). Current issues will be examined across a number of questions.

Section A: 2 compulsory questions 50-70 marks

Section B: Choice of 2 from 3 questions	30-50 marks 100
---	--------------------

# Study Guide

## A REGULATORY ENVIRONMENT

### 1. International regulatory frameworks for audit and assurance services

- a) Explain the need for laws, regulations, standards and other guidance relating to audit, assurance and related services.<sup>[2]</sup>
- b) Outline and explain the need for the legal and professional framework including:<sup>[2]</sup>
  - i) public oversight to an audit and assurance practice
  - ii) the role of audit committees and impact on audit and assurance practice.

### 2. Money laundering

- a) Define 'money laundering'.<sup>[1]</sup>
- b) Explain how international efforts seek to combat money laundering.<sup>[2]</sup>
- c) Explain the scope of criminal offences of money laundering and how professional accountants may be protected from criminal and civil liability.<sup>[2]</sup>
- d) Explain the need for ethical guidance in this area.<sup>[2]</sup>
- e) Describe how accountants meet their obligations to help prevent and detect money laundering including record keeping and reporting of suspicion to the appropriate regulatory body.<sup>[2]</sup>
- f) Explain the importance of customer due diligence (CDD).<sup>[2]</sup>
- g) Recognise potentially suspicious transactions and assess their impact on reporting duties.<sup>[2]</sup>
- h) Describe, with reasons, the basic elements of an anti-money laundering program.<sup>[2]</sup>

### 3. Laws and regulations

- a) Compare and contrast the respective responsibilities of management and auditors concerning compliance with laws and

regulations in an audit of financial statements.<sup>[2]</sup>

- b) Describe the auditors considerations of compliance with laws and regulations and plan audit procedures when possible non-compliance is discovered.<sup>[2]</sup>
- c) Discuss how and to whom non-compliance should be reported.<sup>[2]</sup>
- d) Recognise when withdrawal from an engagement is necessary.<sup>[2]</sup>

## B PROFESSIONAL AND ETHICAL CONSIDERATIONS

### 1. Code of Ethics for Professional Accountants

- a) Explain the fundamental principles and the conceptual framework approach.<sup>[1]</sup>
- b) Identify, evaluate and respond to threats to compliance with the fundamental principles.<sup>[3]</sup>
- c) Discuss and evaluate the effectiveness of available safeguards.<sup>[3]</sup>
- d) Recognise and advise on conflicts in the application of fundamental principles.<sup>[3]</sup>

### 2. Fraud and error

- a) Define and clearly distinguish between the terms 'error', 'irregularity', 'fraud' and 'misstatement'.<sup>[2]</sup>
- b) Compare and contrast the respective responsibilities of management and auditors for fraud and error.<sup>[2]</sup>
- c) Describe the matters to be considered and procedures to be carried out to investigate actual and/or potential misstatements in a given situation.<sup>[2]</sup>
- d) Explain how, why, when and to whom fraud and error should be reported and the circumstances in which an auditor should withdraw from an engagement.<sup>[2]</sup>