

MOCK TEST PAPER - 2
FINAL COURSE: GROUP – I
PAPER – 3: ADVANCED AUDITING AND PROFESSIONAL ETHICS
SUGGESTED ANSWERS/HINTS

DIVISION A - MCQs (30 Marks)

Questions no. (1-10) carry 1 Mark each and Questions no. 11-20 carry 2 Marks each.

1. (a)
2. (a)
3. (a)
4. (b)
5. (d)
6. (c)
7. (c)
8. (c)
9. (d)
10. (c)

Questions (11-20) carry 2 Marks each

11. (b)
12. (b)
13. (d)
14. (c)
15. (b)
16. (d)
17. (a)
18. (a)
19. (d)
20. (a)

DIVISION B - DESCRIPTIVE QUESTIONS (70 Marks)

1. (a) In the given situation, it is clear from the ageing schedule that company is not able to pay its creditors on time. Outstanding to creditors for a period of 1 year or more account for 80% of total dues to the creditors of the company from due date of payment. Most of key financial ratios are adverse.

Further, bankers have refused further debits in cash credit account due to negative drawing power from March 2022. Cash credit loans are repayable on demand. There is no other information or disclosure available how the company plans to run its business without bank finance.

All the above factors are indicators that a material uncertainty exists that may cast a significant doubt on the company's ability to continue as going concern. There is no express disclosure of this fact in financial statements.

Therefore, it is a situation where material uncertainty exists which has cast a significant doubt on company's ability to continue as going concern in accordance with SA 570, "Going Concern".

Keeping in view above the fact that although a material uncertainty exists casting a significant doubt on the ability of company to continue as going concern, adequate disclosure of material uncertainty is not made in financial statements, CA K shall give qualified or adverse opinion in accordance with SA-705, "Modifications to the Opinion in the Independent Auditor's Report".

- (b) M/s PM & Associates are unable to obtain sufficient appropriate audit evidence about the financial information of a joint venture investment that represents over 91% of the group's net assets. The possible effects of this inability to obtain sufficient appropriate audit evidence are both material and pervasive to the consolidated financial statements. Therefore, the statutory auditor should issue a disclaimer of opinion.

The relevant extract of the Disclaimer of Opinion Paragraph and Basis for Disclaimer of Opinion paragraph is as under:

Disclaimer of Opinion

We were engaged to audit the accompanying consolidated financial statements of BREW Ltd., (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2022, the consolidated statement of Profit and Loss, (*consolidated statement of changes in equity*) and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as the "Consolidated Financial Statements").

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

Basis for Disclaimer of Opinion

The Group's investment in its joint venture Dharma Ltd. Company is carried at ₹ 115 crore on the Group's consolidated balance sheet, which represents over 91% of the Group's net assets as at March 31, 2022. We were not allowed access to the management and the auditors of Dharma Ltd. Company, including Dharma Ltd.'s auditors' audit documentation. As a result, we were unable to determine whether any adjustments were necessary in respect of the Group's proportional share of Dharma Ltd.'s assets that it controls jointly, its proportional share of Dharma Ltd.'s liabilities for which it is jointly responsible, its proportional share of Dharma Ltd.'s income and expenses for the year, (and the elements making up the consolidated statement of changes in equity) and the consolidated cash flow statement.

- (c) As per SA 706, "Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report" if the auditor considers it necessary to draw users' attention to a matter presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements, the auditor shall include an Emphasis of Matter paragraph in the auditor's report provided:

- (i) The auditor would not be required to modify the opinion in accordance with SA 705 as a result of the matter; and
- (ii) When SA 701 applies, the matter has not been determined to be a key audit matter to be communicated in the auditor's report.

In the instant case, since Difficult Books Limited is engaged in manufacturing of active pharmaceutical ingredients, would now require production capacity license which will restrict the production of companies, due to change in laws and regulations. Management of the Difficult Books Limited assessed the impact of the change in law over the financial position of company and appropriately disclosed the same in the financial statement.

Audit team of the Difficult Books Limited evaluated management's disclosure and found it appropriate and sufficient. However, considering the said matter as most important and fundamental to users understanding regarding financial statement the audit team decided to disclose the same.

The said matter is already disclosed and presented appropriately in financial statement and is of such importance that is fundamental to the users understanding of the financial statement and hence, it required to be disclosed under Emphasis of Matter paragraph.

Therefore, decision of audit team to disclose the same in Other Matter Paragraph is not in order, it should be disclosed in Emphasis of Matter Paragraph.

2. (a) As per SA 501, "Audit Evidence - Specific Considerations for Selected Items", when inventory is material to the financial statements, the auditor shall obtain sufficient appropriate audit evidence regarding the existence and condition of inventory by:
 - i. Attendance at physical inventory counting, unless impracticable, to
 1. Evaluate management's instructions and procedures for recording and controlling the results of the entity's physical inventory counting.
 2. Observe the performance of management's count procedures.
 3. Inspect the inventory; and
 4. Perform test counts; and
 - ii. Performing audit procedures over the entity's final inventory records to determine whether they accurately reflect actual inventory count results

Attendance at physical inventory counting involves:

- i. Inspecting the inventory to ascertain its existence and evaluate its condition and perform test counts.
- ii. Observing compliance with management's instructions and the performance of procedures for recording and controlling the results of the physical inventory count; and
- iii. Obtaining audit evidence as to the reliability of management's count procedures.

Hence in the given case, the approach of Engagement Partner is not appropriate as when inventory is material to the financial statements, the auditor shall obtain sufficient appropriate audit evidence regarding the existence and condition of inventory. This should be done by performing various audit procedures which also includes attending physical count, observing the count, inspecting the inventory and reperforming physical counts.

- (b) In the given case, many of the cash credit accounts in the branch of a nationalized bank are only partially utilized during substantial part of year. However, in the month of March, the accounts are fully utilized. On further scrutiny, it is observed that these account holders have made fixed deposits from these utilized amounts at the end of year. These deposits have been liquidated in first week of April of next financial year.

This is an example of **window dressing**. The branch is resorting to window dressing by artificially boosting its advances and deposits. Utilization of advances and placing of fixed deposits at end of year in branch and again liquidation of deposits early next year indicate that branch is resorting to window dressing to inflate its advances as well as deposits artificially.

The auditor has to verify whether the unavailed portion of the credit facilities (overdraft, cash credit) are used to boost the loans and deposits which might tantamount to window dressing.

The relevant regulatory guidelines also prohibit such type of practices and these might involve penal action in terms of Banking Regulation Act, 1949.

The same needs to be suitably reported in audit report and commented in LFAR also. In appropriate cases, making a suitable qualification in the main audit report has also to be considered

- (c) Regulation 190A of Chartered Accountants Regulations, 1988 provides that a chartered accountant in practice shall not engage in any business or occupation other than the profession of accountancy except with the permission granted in accordance with a resolution of the Council.

The Council has passed a resolution under Regulation 190A granting general permission for private tutorship and part time tutorship under coaching organization of the Institute. Such general permission is subject to the condition that direct teaching hours devoted to such activities taken together should not exceed 25 hours a week in order to be able to perform attest functions.

However, Clause 6 of Part I of the First Schedule to the Chartered Accountants Act, 1949 states that Chartered Accountant in practice shall be deemed to be guilty of professional misconduct, if he solicits clients or professional work either directly or **indirectly** by circular, advertisement, personal communication or interview or by any other means;

Further, an advertisement of online coaching activities through social media platforms amounts to **indirect** solicitation as well as solicitation by another means and is, therefore, violative of Clause 6 of Part I of the First Schedule to Chartered Accountants Act, 1949.

Therefore, although a member in practice can engage in private tutorship subject to Council Guidelines but he cannot advertise by any means for coaching activities as it amounts to indirect solicitation of clients and professional work.

In the given case, CA Praful is providing coaching to CA students online and also advertising his classes on various social media platforms. In view of above, CA. Praful is guilty of professional misconduct under Clause (6) of Part I of First Schedule to the Chartered Accountants Act 1949 for advertising his classes on various social media platforms.

3. (a) **Generating and preparing meaningful information from raw system data using processes, tools, and techniques is known as Data Analytics.**

The data analytics methods used in an audit are known as Computer Assisted Auditing Techniques or CAATs. There are several steps that should be followed to achieve success with CAATs and any of the supporting tools. A suggested approach to benefit from the use of CAATs is given in the illustration below:

- Understand Business Environment including IT

- Define the Objectives and Criteria
 - Identify Source and Format of Data
 - Extract Data
 - Verify the Completeness and Accuracy of Extracted Data
 - Apply Criteria on Data Obtained
 - Validate and Confirm Results
 - Report and Document Results and Conclusions [SA 230]
- (b) An American company which is manufacturing and distributing industrial gases is looking forward to acquire an Indian company having 51% market share and assets beyond ₹ 1000 crores. Areas to be covered as a part of due diligence exercise to find out over valued assets would be as under:
1. Uncollected/uncollectable receivables.
 2. Obsolete, slow non-moving inventories or inventories valued above NRV; huge inventories of packing materials etc. with name of company.
 3. Underused or obsolete Plant and Machinery and their spares; asset values which have been impaired due to sudden fall in market value etc.
 4. Assets carried at much more than current market value due to capitalization of expenditure/foreign exchange fluctuation, or capitalization of expenditure mainly in the nature of revenue.
 5. Litigated assets and property.
 6. Investments carried at cost though realizable value is much lower.
 7. Investments carrying a very low rate of income / return.
 8. Infertuous project expenditure/deferred revenue expenditure etc.
 9. Group Company balances under reconciliation etc.
 10. Intangibles of no value.
- (c) Gautam Ltd. is a manufacturer of textile products and is covered under GST Law. During financial year 2021-2022 Gautam Ltd. has received a demand notice of 17 lakh which pertains to financial year 2015-2016 when the Central Excise Act was prevalent.
- As a tax auditor of Gautam Ltd., reporting would be under Clause 41 which is given hereunder:
- “Please furnish the details of demand raised or refund issued during the previous year under any tax laws other than Income Tax Act, 1961 and Wealth tax Act, 1957 along with details of relevant proceedings. “
- It may be noted that even though the demand/refund order is issued during the previous year, it may pertain to a period other than the relevant previous year. In such cases also, reporting has to be done under this clause. If there is any adjustment of refund against any demand, the auditor shall also report the same under this clause.
- In this case, liability is of excise duty i.e. under Central Excise Act, other than Income Tax Act and Wealth Tax Act, thus this clause gets attracted and the reporting has to be done as per format:

S No.	Name of the Applicable Act	Demand/ Refund Order no., if any	Date of demand raised/refund issued	Financial year to which the demand/refund relates	Amount of demand/raised /refund issued	Adjustment of refund against demand, if any	Remarks

4. (a) **Recasting of financial statements - Re-opening of accounts on Court's or Tribunal's orders:** **Section 130 of the Companies Act, 2013** states that a company shall not re-open its books of account and not recast its financial statements, unless an application in this regard is made by the Central Government, the Income-tax authorities, the Securities and Exchange Board of India (SEBI), any other statutory regulatory body or authority or any person concerned and an order is made by a court of competent jurisdiction or the Tribunal to the effect that—

- (i) the relevant earlier accounts were prepared in a fraudulent manner; or
- (ii) the affairs of the company were mismanaged during the relevant period, casting a doubt on the reliability of financial statements.

The Order for reopening of accounts not to be made beyond eight financial years immediately preceding the current financial year unless and until Government has, under Section 128(5), issued a direction for keeping books of account longer than 8 years, reopening of accounts can be made for such longer period.

However, a notice shall be given by the Court or Tribunal in this regard and shall take into consideration the representations, if any.

Keeping in view above, the contention of the Arihant Ltd. that the Companies Act, 2013 does not allow recasting for more than five preceding financial years is incorrect.

- (b) **Compliance with Standard on Quality Control on review of audit work** - As per SQC 1, "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements", review responsibilities are determined on the basis that more experienced engagement team members, including the engagement partner, review work performed by less experienced team members. An engagement quality control review for audits of financial statements of listed entities includes considering the following:

- (i) The work has been performed in accordance with professional standards and regulatory and legal requirements;
- (ii) Significant matters have been raised for further consideration;
- (iii) Appropriate consultations have taken place and the resulting conclusions have been documented and implemented;
- (iv) There is a need to revise the nature, timing and extent of work performed;
- (v) The work performed supports the conclusions reached and is appropriately documented;
- (vi) The evidence obtained is sufficient and appropriate to support the report; and
- (vii) The objectives of the engagement procedures have been achieved.

The firm should establish policies and procedures:

- (i) Setting out criteria for determining the need for safeguards to reduce the familiarity threat to an acceptable level when using the same senior personnel on an assurance engagement over a long period of time; and
- (ii) For all audits of financial statements of listed entities, requiring the rotation of the engagement partner after a specified period in compliance with the Code.

The familiarity threat is particularly relevant in the context of financial statement audits of listed entities. For these audits, the engagement partner should be rotated after a pre-defined period, normally not more than seven years.

From the facts given in the question and from the above stated paras of SQC 1, it can be concluded that firm is not complying with SQC 1 as Engagement Partner Manidhari is continuing for more than 7 years.

- (c) **Sharing Fees with an Articled Clerk:** As per Clause (2) of Part I of First Schedule to the Chartered Accountants Act 1949, a Chartered Accountant in practice shall be deemed to be guilty of professional misconduct if he pays or allows or agrees to pay or allow, directly or indirectly, any share, commission or brokerage in the fees or profits of his professional business, to any person other than a member of the Institute or a partner or a retired partner or the legal representative of a deceased partner, or a member of any other professional body or with such other persons having such qualification as may be prescribed, for the purpose of rendering such professional services from time to time in or outside India.

In view of the above, the objections of the Institute of Chartered Accountants of India, as given in the case, are correct and reply of CA. Vasu, stating that he is paying 2% profits of his firm over and above the stipend to help the articled clerk as the position of the articled clerk is weak, is not tenable.

Hence, CA. Vasu is guilty of professional misconduct in terms of Clause (2) of Part I of First Schedule to the Chartered Accountants Act 1949.

5. (a) As per section 138 of the Companies Act, 2013, such class or classes of companies as may be prescribed shall be required to appoint an internal auditor, who shall either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board to conduct an internal audit of the functions and activities of the company.

As per Rule 13 of the Companies (Accounts) Rules, 2014, the following class of companies shall be required to appoint an internal auditor which may be either an individual or a partnership firm or a body corporate, namely:

- every listed company.
- every unlisted public company having-
 - paid up share capital of fifty crore rupees or more during the preceding financial year; or
 - turnover of two hundred crore rupees or more during the preceding financial year; or
 - outstanding loans or borrowings from banks or public financial institutions exceeding one hundred crore rupees or more at any point of time during the preceding financial year; or
 - outstanding deposits of twenty-five crore rupees or more at any point of time during the preceding financial year; and
- every private company having-
 - turnover of two hundred crore rupees or more during the preceding financial year; or

- outstanding loans or borrowings from banks or public financial institutions exceeding one hundred crore rupees or more at any point time during the preceding financial year:

In the current scenario, the company is a private limited company with having turnover of ₹ 230 Crore in FY 2020-21 and ₹ 110 Crore in FY 2021-22. As per Rule 13, every private company with a turnover of two hundred crore rupees or more during the preceding financial year must appoint an internal auditor who may be either an individual, a partnership firm or a body corporate. Hence, ABC Pvt Ltd is required to appoint Internal Audit for FY 2021-22.

(b) Following are broad areas that should be mandatorily part of the audit procedure for conducting the audit of NBFC:

- (1) Ascertaining the Business of the Company** - The first step in carrying out the audit of a NBFC is to scan through the Memorandum and Articles of Association of the company, so as to acquaint oneself with the type of business that the company is engaged into.

The task of ascertaining the principal business activity of any NBFC is of paramount importance since the very classification of a company as a NBFC and its further classification would all depend upon its principal business activity. Based on the classification of a company, it will be required to comply with the provisions relating to limits on acceptance of public deposits as contained in the NBFC Public Deposit Directions.

- (2) Evaluation of Internal Control System** - An auditor should gain an understanding of the accounting system and related internal controls adopted by the NBFC to determine the nature, timing and extent of his audit procedures. An auditor should also ascertain whether the internal controls put in place by the NBFC are adequate and are being effectively followed.

In particular, an auditor should review the effectiveness of the system of recovery prevalent at the NBFC. He should ascertain whether the NBFC has an effective system of periodical review of advances in place which would facilitate effective monitoring and follow up. The absence of a periodical review system could result in non-detection of sticky advances at their very inception which may ultimately result in the NBFC having an alarmingly high level of NPAs.

- (3) Registration with the RBI** - Section 45-IA of the RBI Act, 1934, has made it incumbent on the part of all NBFCs to comply with registration requirements and have minimum net owned funds. An auditor should obtain a copy of the certificate of registration granted by the RBI or in case the certificate of registration has not been granted, a copy of the application form filed with the RBI for registration. It may particularly be noted that NBFCs incorporated after 9th January, 1997 are not entitled to commence business without first obtaining a registration certificate from the RBI. An auditor should, therefore, verify whether the dual conditions relating to registration with the RBI and maintenance of minimum net owned funds have been duly complied with by the concerned NBFC. The auditor should ascertain whether investment in prescribed liquid assets have been made and whether quarterly returns as mentioned above have been regularly filed with the RBI by the concerned NBFC.

- (4)** The auditors must ascertain whether the company properly classified as per the requirements of various regulations. In case, the NBFC has not been classified by the RBI, the classification of a company will have to be determined after a careful consideration of various factors such as particulars of earlier registration granted, if any, particulars furnished in the application form for registration, company's Memorandum of Association and its financial results.

- (5) NBFC Prudential Norms Directions** - Check compliance with prudential norms encompassing income recognition, income from investments, accounting standards, accounting for investments, asset classification, provisioning for bad and doubtful debts, capital adequacy norms, prohibition on granting of loans by a NBFC against its own shares,

prohibition on loans and investments for failure to repay public deposits and norms for concentration of credit/investments.

In the given situation, GYAN & Co., is the statutory auditor of KUNTHU NBFC Ltd. While planning the audit procedures to be done during the audit of entity, there was difference of opinion between Matigyan and his partner Shrutgyan regarding evaluation of internal control and verification of registration with RBI.

As discussed above NBFCs are not entitled to commence business without first obtaining a registration certificate from the RBI. An auditor should, therefore, verify whether the dual conditions relating to registration with the RBI and maintenance of minimum net owned funds have been duly complied with by the concerned NBFC. Further, auditor should gain an understanding of the accounting system and related internal controls adopted by the NBFC to determine the nature, timing and extent of his audit procedures. An auditor should also ascertain whether the internal controls put in place by the NBFC are adequate and are being effectively followed.

Accordingly, contention of Mr. Shrutgyan regarding evaluation of internal control system and verification of registration with RBI should not be part of the audit procedure as it is part of internal audits only, is not correct.

- (c) **Failure to Obtain Information:** Clause (8) of Part I of Second Schedule to the Chartered Accountants Act, 1949 states that if a Chartered Accountant in practice fails to obtain sufficient information to warrant the expression of an opinion or his exceptions are sufficient material to negate the expression of an opinion, the chartered accountant shall be deemed to be guilty of a professional misconduct.

In the instant case Mr. Prakash, a practicing Chartered Accountant issued a certificate of circulation of a periodical without going into the most elementary details of how the circulation of a periodical was being maintained i.e., by not looking into the financial records, bank statements or bank pass books, by not examining evidence of actual payment of printer's bills and by not caring to ascertain how many copies were sold and paid for.

The chartered accountant should not express his opinion before obtaining the required data and information. As an auditor, Mr. Prakash ought to have verified the basic records to ensure the correctness of circulation figures.

Conclusion: Thus, in the present case CA. Prakash will be held guilty of professional misconduct as per Clause (8) of Part I of Second Schedule to the Chartered Accountants Act, 1949.

- 6 (a) The auditor should ensure that premium in respect of risks incepting during the relevant accounting year has been accounted as premium income of that year on the basis of premium revenue recognition. The auditor, as part of his audit procedures, should make an assessment of the reasonability of the risk pattern established by the management. The auditor, CA Vardhman appointed as an auditor of Life Reliable Insurance Ltd. should ensure that policy documents have not been issued, in case:
- (i) Premium had not been collected at all;
 - (ii) Premium had been collected but the relevant cheques have been dishonoured; (refer Cheque Dishonoured Book);
 - (iii) premium had not immediately been collected due to furnishing of a bank guarantee or cash deposit but either the deposit or guarantee had fallen short or has expired or the premium had been collected beyond the stipulated time limit (i.e., there is a shortfall in bank guarantee account or cash deposit account of the insured);

- (iv) premium had not been collected due to risk cover being increased or where stipulated limits have been exhausted in respect of open declaration policies (i.e., where premium has accrued but has not been received); and
 - (v) instalments of premium have not been collected in time in respect of certain categories of policies, e.g., marine-cum-erection policies where facility has been granted for premium being paid in instalments (such facility is normally available subject to certain conditions, e.g., that the first equated instalment is more by 5 per cent of the total premium payable by instalments).
 - (vi) Premium collected but policies not issued for long periods of time.
 - (vii) Whether the premium received during the year but pertaining to risk commencing in the following year has been accounted for under the head 'Premium Received in Advance' and has been disclosed separately.
- (b) In carrying out the audit of the standalone financial statements, the computation of materiality for the purpose of issuing an opinion on the standalone financial statements of each component would be done component-wise on a standalone basis. However, with regard to determination of materiality during the audit of consolidated financial statements (CFS), the auditor should consider the following:
- The auditor is required to compute the materiality for the group as a whole. This materiality should be used to assess the appropriateness of the consolidation adjustments (i.e. permanent consolidation adjustments and current period consolidation adjustments)
 - The parent auditor can also use the materiality computed on the group level to determine whether the component's financial statements are material to the group to determine whether they should scope in additional components, and consider using the work of other auditors as applicable.
 - The principal auditor also computes materiality for each component and communicates to the component auditor, if he believes is required for true and fair view on CFS.
 - The principal auditor also obtains certain confirmations from component auditor like independence, code of ethics, certain information required for consolidation and disclosure requirements etc.

However, while considering the observations (for instance modification and /or emphasis of matter in accordance with SA 705/706) of the component auditor in his report on the standalone financial statements, the principles of SA 600 needs to be considered., The parent auditor should comply with the requirements of SA 600, "Using the Work of Another Auditor". Therefore, the concept of materiality would be considered while considering the observations of the component auditor.

Hence RS & Co. cannot ignore the qualification of B Ltd. while framing the opinion on consolidated financial statements of T Ltd.

- (c) As per SA 265, "Communicating Deficiencies in Internal Control to Those Charged with Governance and Management", significant deficiency in internal control is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance. Also, the significance of a deficiency or a combination of deficiencies in internal control depends not only on whether a misstatement has actually occurred but also on the likelihood that a misstatement could occur and the potential magnitude of the misstatement. Significant deficiencies may therefore exist even though the auditor has not identified misstatements during the audit.

Examples of matters that the auditor may consider in determining whether a deficiency or combination of deficiencies in internal control constitutes a significant deficiency include:

- The likelihood of the deficiencies leading to material misstatements in the financial statements in the future.
- The susceptibility to loss or fraud of the related asset or liability.
- The subjectivity and complexity of determining estimated amounts, such as fair value accounting estimates.
- The financial statement amounts exposed to the deficiencies.
- The volume of activity that has occurred or could occur in the account balance or class of transactions exposed to the deficiency or deficiencies.

OR

(c) As per Peer Review Statement,

1. A Peer Reviewer shall: -
 - (a) Shall be a member in practice with at least 7 years of audit experience.
 - (b) In case a member has moved from industry to practice and is currently in practice he should have at least 10 years of audit experience in industry and at least 3 years audit experience in practice.
 - (c) Should have undergone the requisite training and cleared the requisite test for Peer Review as prescribed by the Board.
2. A member on being appointed as a Reviewer shall be required to furnish -
 - (a) a declaration as prescribed by the Board, at the time of Empanelment as a Peer Reviewer.
 - (b) a Declaration of Confidentiality as per Annexure A to this Statement while giving consent for appointment as a Peer Reviewer.
3. A member shall not be eligible for being appointed as a Reviewer of a Practice Unit, if -
 - (i) any disciplinary action / proceeding is pending against him;
 - (ii) he has been found guilty of professional or other misconduct by the Council or the Board of Discipline or the Disciplinary Committee at any time
 - (iii) he has been convicted by a competent court whether within or outside India, of an offence involving moral turpitude and punishable with imprisonment,
 - (iv) he or his partners have any obligation or conflict of interest in the Practice Unit.
 - (v) He has undergone training/articleship under any of the partner of Practice Unit.
4. A Reviewer shall not accept any professional assignment from the Practice Unit for a period of next two years from the date of appointment. Further, he should not have accepted any professional assignment from the Practice Unit for a period of two years before the date of appointment as reviewer of that Practice Unit.

In the current scenario, CA. Vimal was in employment for a period from 1-4-95 to 31-3-12 i.e., 17 years. Out of which, he was having audit experience for 9 years. However, he is in practice since 10 years i.e. 2012 to 2022. Hence, he will be eligible for Peer Reviewer by virtue of the condition stipulating that a Peer Reviewer shall be a member in practice with at least 7 years of audit experience.