

Question:

You are a manager in the audit department of Carter & Co, and you are dealing with several ethical and professional matters raised at recent management meetings, all of which relate to audit clients of your firm.

3. Collier Co has until recently kept important documents such as title deeds and insurance certificates in a safe at its head office. However, following a number of thefts from the head office the directors have asked if the documents could be held securely at Carter & Co's premises.

The partners of Carter & Co are considering offering a custodial service to all clients, some of whom may want to deposit tangible assets such as paintings purchased as investments for safekeeping. The fee charged for this service would depend on the value of item deposited as well as the length of the safekeeping arrangement.

Required:

Identify and evaluate the ethical and other professional issues raised, in respect of:

(c) Collier Co; (5 marks)