

Note:-all questions are compulsory.

Marks:-100

Question 1

Write a short note on- the Audit of Capital Reserve. (4Marks)(Intermediate-May 2002)

Question 2

*Describe the salient features of Financial Administration of Local Bodies.
(8 Marks) (PE-II Nov 2004)*

Question 3

*What are the auditor's responsibilities for detection of Frauds and Errors?
(8 Marks)(PE-II Nov 2004)*

Question 4

Explain with reference to the relevant Auditing and Assurance Standards Appropriateness of going concern assumption? (5 Marks)(PE-II May 2005)

Question 5

Write a short note on- Permanent Audit File. (4 Marks) (PE-II Nov 2005)

Question 6

What do you understand by:

- (i) Auditing around the computer ?*
- (ii) Auditing through the computer ? (4×2=8 Marks)(PE-II May 2005)*

Question 7

Write a short note on - the Scrutiny of General Ledger. (4 Marks) (PE-II May 2006)

Question 8

How will you vouch and/or verify the following ?

- (a) Remuneration to directors.*
- (b) Consignment sales.*
- (c) Patent rights.*
- (d) Royalties received. (4×4 = 16 Marks)(PE-II Nov 2003)*

Question 9

As an auditor, comment on the following situations/statements:

- (a) *The first auditors of Health and Wealth Ltd., a Government company, was appointed by the Board of Directors.*
(3 Marks)
- (b) *In case the existing auditors reappointed at the Annual General Meeting refused to accept the appointment, whether the Board of Directors could fill up the vacancy? (3 Marks)*
- (c) *The auditor of Trilok Ltd. did not report on the matters specified in sub-section (1A) of Section 227 of the Companies Act, 1956, as he was satisfied that no comment is required. (3 Marks)*
- (d) *At the AGM of a company, in which a Nationalised Bank held 25% of the subscribed capital, Krishna & Co., Chartered Accountants, were appointed as auditor by passing an ordinary resolution. (3 Marks)*
- (e) *The members of C. Ltd. preferred a complaint against the auditor stating that he has failed to send the auditors report to them.(3 Marks)*
- (f) *One of the directors of Hitech Ltd. is attracted by the disqualification under Section 274(1)(g). (3 Marks)(PE-II Nov 2003)*

Question 10

As a Company Auditor how would you react to the following situations?

- (a) *A publishing company undertook repair and overhauling of its machinery at a cost of Rs.250 lakhs to maintain them in good condition and capitalised the amount as it is more than 25% of the original cost of the machinery.(3 Marks)*
- (b) *Inventories of a Car manufacturing company include the value of items, required for the manufacture of a model which was removed from the production line five years back, at cost price. (3 Marks)*
- (c) *Interest on loan borrowed to purchase a machinery which has been installed two years back is still debited to Machinery Account. (3 Marks)*
- (d) *Sale value of scrap items adjusted against Miscellaneous Expenditure. (3 Marks)*
- (e) *Insurance claim of Rs. 2 lakhs received stands included under Miscellaneous Income. (3 Marks)*
- (f) *Rs. 5 lakhs paid by a pharma company to the legal advisor defending the patent of a product treated as Capital Expenditure (3 Marks)(PE-II Nov 2002)*

Question 11

With reference to Government Audit, what do you understand by "Audit of Commercial Accounts"?
(8 Marks)(PE-II May 2005)

Exams important questions for students of IPCC