

Note:-all questions are compulsory.

Marks:-100

Question 1

State briefly the qualities of Auditors. (4 Marks) (PE-II Nov 2004)

Question 2

Answer the following:

(a) Give four examples of accounting estimates.

(b) Mention any four financial indications which may indicate the risk that continuance as a going concern may be questionable.(4 x 2 = 8 Marks) (PE-II May 2007)

Question 3

State briefly Audit Procedures and Audit Techniques. (8 Marks) (PE-II May 2006)

Question 4

Write a short note on - Independence of Internal Auditor. (4 marks)(PE-II May 2005)

Question 5

As an Auditor, comment on the following situation/statement:

SMT Enterprises entered into a contract for sale of its goods worth Rs. 24 lacs with ST Ltd. The goods were inspected, approved and finalised by the inspection team of ST Ltd. ST Ltd. made the whole payment of Rs. 24 lacs. However, it requested SMT Enterprises to dispatch the goods in six equal monthly instalments from October, 2005 to March, 2006. In the month of January, 2006, due to natural calamity, ST Ltd. informed SMT Enterprises to stop dispatches of the remaining three instalments until further notice. At the time of finalising its accounts for the financial year 2005-06, SMT Enterprises booked sales amounting to Rs. 12 lacs and showed remaining Rs. 12 lacs as Advance Against Sales. (5 Marks) (PE-II Nov 2006)

Question 6

Write short notes on the following:

(a) Outstanding Assets.

(b) Extent of Reliance on Analytical Procedures.

(c) Purpose of providing depreciation. (4×3 = 12 Marks)(PE-II Nov 2003)

Question 7

Give your comments on the following:

(a) PQR & Co. a firm of Chartered Accountants has three partners, P, Q and R; P is also in whole time employment elsewhere. The firm is already holding audit of 40 companies including audit of one foreign company. The firm is offered the audit of Z Ltd. and its 20 branches. (5 Marks)

(b) Nene and Sane Associates, Chartered Accountants in practice have been appointed as statutory auditor of Do Good Ltd. for the accounting year 2003-04. Mr. Nene holds 200 equity shares of DDA Ltd. a subsidiary company of Do Good Ltd. (5 Marks)

(c) White Star Ltd. was incorporated on 1.8.2003 and Mr. T who is related to the Chairman of the Company appointed as auditor by the Board of Directors in their meeting on 4.9.2003. (4 Marks)(PE-II May 2004)

Question 8

Write short notes on the following:

(a) Buy Back of Own Securities.

(b) Option on Share Capital (4 ×2 = 8 Marks)(PE-II Nov 2002)

Question 9

What are the special steps involved in conducting the audit of an Educational Institution?(16 Marks)(PE-II Nov 2004)

Question 10

(a) Give your comment on the following:

Auditors of M/s Fortune India (P) Ltd. were changed for the accounting year 2004-05. The closing stock of the company as on 31.3.2004 amounting to Rs. 100 lacs continued as it is and became closing stock as on 31.3.2005. The auditors of the company propose to exclude from their audit programme the

audit of closing stock of Rs. 100 lacs on the understanding that it pertains to the preceding year which was audited by another auditor. (5 Marks)

(b) What are the obvious assertions in the following items appearing in the Financial Statements?

(i) Profit and Loss Statement

Travelling Expenditure Rs.50,000

(2 Marks)

(ii) Balance Sheet

Debtors Rs.2,00,000

(2 Marks) (PE-II Nov 2005)

Question 11

Write short notes on the following:

(a) Fundamental Accounting Assumptions

(4 Marks)

(b) Sufficient Appropriate Audit Evidence

(4 Marks)

(c) Auditor's Independence

(4 Marks) (PE-II May 2007)