

Note:-all questions are compulsory.

Marks:-100

Question1

Write a short note on - Audit Programme.

(4 Marks) (PE-II Nov 2006)

Question 2

Briefly explain Control Risk.

(2 Marks) (PE-II Nov 2005)

Question 3

How will you vouch and/or verify the following:

(a) Goods sent on Consignment

(b) Expenditure on Foreign Travelling.

(c) Premium paid for insurance of a Motor car (4 × 3 = 12 Marks) (PE-II Nov 2006)

Question 4

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

(a) The method of depreciation on Plant and Machinery is to be changed from SLM basis to WDV basis from the current year. (4 Marks)

(b) The Finance Manager of Belt Ltd. is of the opinion that before declaration of dividends it would not be necessary to set off the carried forward amount of debit balance in the Profit and Loss Account against current revenue profit but the same could be set-off against existing revaluation reserve. Do you agree? (5 Marks)

(c) The company has sent semi-finished goods to third parties for further processing which is lying with them at the end of the year. (4 Marks)(PE-II May 2004)

Question 5

Draft an illustrative Audit Report u/s 227 of the Companies Act, 1956, with a few qualifications. Annexure u/s 227(4A) is not required. (16 Marks)(PE-II May 2004)

Question 6

As an auditor comment on the following situations/statements:

- (a) *The sale and purchases of investments of A Ltd., was controlled through a committee. Shri B sold some of the investments without discussing the same with the other members of the committee as they were out of station and Shri B believed that its price would fall and the company would suffer a loss if it is not sold. A Ltd. earned a profit of Rs.1 lakh from such sale. (6 Marks)*
- (b) *The company due to liquidity crises sold and leased back the same vehicles from leasing companies. In the notes to accounts, the company stated 'Vehicles taken on lease repayable in 46 instalments of Rs.26,650 each'. (6 Marks)*
- (c) *No depreciation provided on a machinery costing Rs.50 lakhs imported three years back, since it is yet to be put into use. (3 Marks)*
- (d) *A portion of Share Premium utilised to declare 40% dividend. (3 Marks)(PE-II May 2003)*

Question 7

What special steps will you take into consideration in auditing the accounts of a hotel? (10 Marks)(PE-II May 2005)

Question 8

What are the inherent limitations of audit? (8 Marks) (PE-II Nov 2005)

Question 9

Answer the following:

- (i) *Explain, what do you mean by Analytical procedures. How such procedures are helpful in auditing? (4 Marks)*
- (ii) *Explain concept of 'Materiality' and factors which act as a guiding measure to this concept. (4 Marks)(PE-II Nov 2007)*

Question 10

Explain audit risk by reference to its components. (8 Marks)(PE-II May 2007)

Question 11

Write a short note on - Cut-off Arrangement. (4 Marks) (PE-II Nov 2007)