

Note:-all questions are compulsory.

Marks:-100

Question 1

How will you vouch/verify the following?

- (a) Liability towards gratuity*
- (b) Expenditure incurred for promotion of a product*
- (c) Balances with excise authority*
- (d) Receipt of special backward area subsidy from Government.*

(4 X 4 = 16 Marks) (PE-II May 2008)

Question 2

- (a) The auditor of a limited company has given a clean report on the financial statement on the basis of Xerox copies of the books of accounts, Vouchers and other records which were taken away by the Income-tax Department in search under section 132 of the I.T. Act, 1961. (5 Marks)*
- (b) E and S were appointed as Joint Auditors of X and Y Ltd. What will be their professional responsibility in a case where the company has cleverly concealed certain transactions that escaped the notice of both the Auditors. (5 Marks)*
- (c) Aakansha is a member of the Institute of Chartered Accountants of England and Wales. Is she qualified to be appointed as auditor of Indian Companies? (2 Marks)*
- (d) Preksha, a member of the ICAI, does not hold a Certificate of practice. Is her appointment as an auditor valid? (4 Marks)*
- (e) 'B' owes Rs. 1001 to 'C' Ltd., of which he is an auditor. Is his appointment valid? Will it make any difference, if the advance is taken for meeting-out travelling expenses? (4 Marks)(PE-II Nov 2004)*

Question 3

Write a short note on - the Sweat Equity Shares.

(4 Marks)(PE-II May 2003)

Question 4

- (a) An NGO operating in Delhi had collected large scale donations for Tsunami victims. The donations so collected were sent to different NGOs operating in Tamil Nadu for relief operations. This NGO operating in Delhi has appointed you to audit its accounts for the year in which it collected and remitted*

donations for Tsunami victims. Draft audit programme for audit of receipts of donations and remittance of the collected amount to different NGOs. Mention six points each, peculiar to the situation, which you will like to incorporate in your audit programme for audit of said receipts and remittances of donations.

(12 Marks)

- (b) What special steps will you take into consideration in auditing the receipts from entry fees of an amusement park? Mention any four points specific to the issue. (4 Marks) (PE-II Nov 2005)*

Question 5

What are the basic principles governing an audit as laid down in AAS 1 (SA 200)? Explain in brief.

(10 Marks) (PE-II Nov 2006)

Question 6

State, how the reliability of audit evidence gets affected by the types of Audit evidences. (8 Marks) (PE-II May 2008)

Question 7

Answer the following:

- (a) How does an audit programme help to plan and perform the audit? (8 Marks)*
- (b) Draft an audit programme to audit the receipts of a cinema theatre owned by a partnership firm. (8 Marks) (PE-II Nov 2007)*

Question 8

What are the special steps involved in framing a system of Internal Check?

(8 Marks) (PE-II May 2006)

Question 9

As an Auditor, comment on the following:

Gear Ltd. is engaged in manufacturing and supply of gear boxes to Indian Automobile Ltd. As per terms of supply, full price of the goods are not released by Indian Automobile Ltd. but 10% thereof is retained and paid after one year, if there is satisfactory performance of the parts supplied. Gear Ltd. accounts for only 90% of the invoice value as sale at the time of supply and balance 10% is accounted as sale in the year of receipt of payment.

(5 Marks) (PE-II-Nov 2008)

Exams important questions for students of IPCC