

Note:-all questions are compulsory.

Marks:-100

Question 1

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

- (a) *You are the Auditor of a Manufacturing Company, whose year ends on 31st March. An event occurred after the year ended, but before you complete the audit. The audit report issued by you is dated 20th July. The Sales Ledger balance at 31st March was Rs. 95, 000. By 20th July Rs. 65,000 only had been received against this amount as full and final payment. (4 Marks)*
- (b) *A Computerised Machinery was purchased by two companies jointly. The price was shared equally. It was also agreed that they would use the machinery equally and show in their Balance Sheets, 50% of the value of the machinery and charge 50% of the depreciation in their respective books of accounts. (4 Marks)(PE-II Nov 2004)*

Question 2

Explain the various types of companies under Companies (Auditor's Report) Order, 2003. (CARO). (8 Marks)(PE-II Nov 2004)

Question 3

Comment on the following:

- (a) *ABC Ltd. has not deposited provident fund contributions of Rs.20 lakhs to the authorities, but accounted in the books. (3 Marks)*
- (b) *Asian Overseas Oil Ltd.'s oil wells were damaged in Iraqi war in November, 2002. Claim preferred with the Insurance Companies for total loss. Pending the settlement by the Insurance Companies for total loss. Pending the settlement by the Insurance Companies neither any provision nor any disclosure has been made in 2002-03 accounts. (3 Marks)*
- (c) *Sundry debtors of a company as on 31-3-03 include Rs.10 lakhs from M/s Unreliable Traders, who have been declared as insolvent on 4-4-2003. (3 Marks)*
- (d) *Directors of Speedway Ltd. declared a final dividend of 30% for 2002-03 in their meeting held on 11-8-2003. (3 Marks)*

- (e) *During the year under audit, A Ltd. credited to the Profit & Loss Account, the entire profit of Rs. 5 lakhs on the sale of land not required for its use. You are informed that the directors would like to propose dividend out of the above profit. (3 Marks)*
- (f) *In spite of the internal control weakness commented upon by the audit manager, no further tests need to be carried out, as the purchase and sales figure as a percentage of gross profit was same as in the previous year. The audit manager's comments were in regard to control over purchases and sales.*

(3 Marks)(PE-II Nov 2003)

Question 4

Explain propriety audit in the context of Government Audit.(8 Marks) (Intermediate-May 2006)

Question 5

Answer the following:

- (i) *What is an Audit Engagement letter? (2 Marks)*
- (ii) *Discuss the situations where it is necessary to issue audit engagement letter each year for repetitive audits. (6 Marks) (PE-II May 2008)*

Question 6

What are the assertions with which an auditor is concerned with while obtaining audit evidence from substantive procedures?(7 Marks) (PE – II, Nov.2008)

Question 7

What are audit working papers? Discuss various contents of Permanent Audit File and Current File. (8 Marks) (PE-II May 2007)

Question 8

What do you understand by Internal checks? (6 Marks)(PE-II Nov 2006)

Question 9

In the course of audit of a trade, you noticed that although there is no change in either selling or purchase price of the goods, there is considerable increase in Gross Profit Ratio in comparison to previous year. What matters would you examine to assess the reason for such increase?

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

Question 10

How will you vouch and/or verify the following?

(a) Personal expenses of directors met by the company.

(b) Preliminary expenses.

(c) Patents.

(d) Advances given to suppliers.

(4 × 4 = 16 Marks) (PE-II Nov 2004)

Question 11

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

(a) A Ltd. has its Registered Office at New Delhi. During the current accounting year, it has shifted its Corporate Head Office to Indore though it has retained the Registered Office at New Delhi. The Managing Director of the Company wants to shift its books of account to Indore from New Delhi, as he feels that there is no legal bar in doing so.

(4 Marks)