

Note:-all questions are compulsory.

Marks:-100

Question 1

- (a) *The Board of Directors of a company have filed a complaint with the Institute of Chartered Accountants of India against their statutory auditors for their failing to attend the Annual General Meeting of the Shareholders in which audited accounts were considered.* (5 Marks)
- (b) *The auditor of a company wanted to see the minutes book of Directors meetings. The Chairman of the company refused for the same on the ground that matters of confidential nature were contained therein.* (5 Marks)(PE-II May 2005)

Question 2

- (a) *What are the aims of internal control so far as Financial and Accounting aspects are concerned?* (12 Marks)
- (b) *What is the meaning of “options on unissued share capital” of a company?* (4 Marks)(PE-II Nov 2003)

Question 3

How the audit is advantageous to Sole Trader? (8 Marks) (PE-II May 2006)

Question 4

Explain the compliance procedure and also substantial procedures as Audit methods of collecting evidences for forming an audit opinion.(8 Marks) (PE-II May 2008)

Question 5

Write a short note on - Fundamental Accounting assumptions. (4 Marks) (PE-II, May 2008)

Question 6

Write a short note on - Audit Risks. (4 Marks) (PE-II May 2007)

Question 7

Give your comments on the following:

In a medium size trading organisation the accountant was given additional responsibility of making recoveries from the debtors. On one occasion, when an insurance claim of Rs. 25,000 was received, he credited the same to the account of a debtor and misappropriated the cash which he had recovered from the said debtor. Pinpoint weaknesses in the internal control system which led to this situation. (4 Marks) (PE-II May 2007)

Question 8

How will you vouch/verify the following?

- (a) Sale of Investments.*
- (b) Payment of Revenue Expenses.*
- (c) Assets acquired under Hire-purchase*
- (d) Amount due to Subsidiary companies. (4x4 = 16 Marks) (PE-II Nov 2008)*

Question 9

Write a short note on - the Analytical review. (4 Marks) (PE-II Nov 2004)

Question 10

Give your comment on "The Central Government has appointed Mr. Sushil, a retired Finance Director of a reputed company, a non-practising member of ICAI, as a special auditor of MM Ltd., on the ground that the company was not being managed on sound business principles. Mr. Ajay, MD of MM Ltd. feels, that the appointment of Mr. Sushil is not valid as he does not hold a certificate of practice". (5 Marks)(PE-II May 2005)

Question 11

As an auditor, comment on the following situation statement:

Ganga-Kaveri Project Ltd. was incorporated on 1.7.2002. During the year ended 31.3.2003 there was no manufacturing or trading activity except raising of share capital, purchase of land, acquisition of plant and machinery and construction of factory sheds. Therefore the Chief Accountant of the company contends that for the relevant year there was no need to prepare a statement of profit or loss or any other statement except a Balance Sheet as at 31.3.2003.

(5 Marks)(PE-II May 2004)

Question 12

Audit of expenditure is one of the major components of Government Audit. In this context, write in brief what do you understand by:

(i) Audit against Rules and Orders

(ii) Audit of Sanctions

(iii) Propriety Audit

(6 Marks)(PE-II Nov 2006)

Question 13

State the matters which the statutory Auditor should look into before framing opinion on accounts on finalisation of audit of accounts? Discuss over all audit approach.

(8 Marks) (PE-II May 2008)

Question 14

What precautions should be taken by an auditor while applying test check techniques?

(6 Marks) (PE-II May 2008)

Question 15

Answer the following:

(a) State any four important elements of input control in processing of data in a computerised accounting system.

(b) What are the disadvantages of the use of an audit programme?

(4 x 2 = 8 Marks) (PE-II May 2007)