

Note:-all questions are compulsory.

Marks:-100

Question 1

Give your comments on "The CC Ltd., a Pharmaceutical Company, while valuing its finished stock at the year end wants to include interest on Bank Overdraft as an element of cost, for the reason that overdraft has been taken specifically for the purpose of financing current assets like inventory and for meeting day to day working expenses". (5 Marks)(PE-II May 2005)

Question 2

What categories of Companies are specifically exempted from the application of Companies (Auditor's Report) Order, 2003? (8 Marks)(PE-II May 2005)

Question 3

While conducting the audit of the accounts of a manufacturing company, you discover that the rate of Gross Profit on Sales has sharply risen in comparison to the previous year.

State the steps you would take to satisfy yourself. (12 Marks) (PE-II Nov 2004)

Question 4

What special steps are involved in audit of a Cinema Hall?(10 Marks) (PE-II Nov 2006)

Question 5

Write short notes on the following:

(a) Disclaimer of opinion by an auditor.

(b) Audit versus Investigation. (4 x 2 = 8 Marks) (PE-II May 2008)

Question 6

Answer the following:

(a) Should branch auditor of a company comply with the request of the principal auditor of the company to give photocopy of the working papers pertaining to the branch audit? Explain. (4 Marks)

- (b) *What is the relationship between materiality and audit risk and how audit risk can be reduced to an acceptable level? (5 Marks) (PE-II May 2008)*

Question 7

Write a short note on - Statutory Auditor versus Internal Auditor. (PE-II May 2008)

Question 8

How will you vouch/verify the following ?

- (a) *Advertisement expenses*
- (b) *Goodwill*
- (c) *Capital work-in-progress*
- (d) *Wages paid to seasonal labourer* *(4 × 4 = 16 Marks) (PE-II May 2005)*

Question 9

Explain the term "Auditor's Lien". (8 Marks)(PE-II May 2005)

Question 10

Write short notes on the following:

- (a) *Audit enquiry under Section 227(1A)*
- (b) *Disclosure requirements of bank balances of a limited company*
(4 × 2 = 8 Marks) (PE-II Nov 2004)

Question 11

In case of government companies, Comptroller and Auditor General of India has a right to issue directions to auditor and do supplementary audit. Explain. (8 Marks) (PE-II May 2007)

Question 12

Write short notes on the following:

- (a) *Advantages of Statistical sampling in Auditing.*
- (b) *Surprise checks.* *(4 × 2 = 8 Marks) (PE-II Nov 2008)*