

Note:-all questions are compulsory.

Marks:-100

Question 1

State briefly how you will verify the following:

- (a) Building*
- (b) Bank Balances*
- (c) Bills Payable*
- (d) Borrowing from Banks (4 × 4 = 16 Marks)(Intermediate-May 2002)*

Question 2

*Explain the difference between Clean Audit Report and Qualified Audit Report.
(5 Marks)(Intermediate-May2001)*

Question 3

As an auditor, what would you do in the following situations:

- (a) One customer from whom Rs.5 lacs are recoverable for credit sales gives a motor car in full settlement of the dues. The directors estimate that the market value of the motor car transferred is Rs.5.25 lacs. As on the date of the balance sheet the car has not been registered in the name of the auditee.
(4 Marks)*

- (b) The company had borrowed Rs.100 lacs from ICICI, which it is unable to repay on the due date. The accrued unpaid interest on the same is Rs.25 lacs. There is a stipulation that on default in repayment, there would be a penal interest payable, which would amount to Rs.10 lacs. The company has applied to ICICI for rescheduling the repayment and waiver of a part of the accrued interest and the penal interest. As on the date of audit, the said application is still pending.*

Based on this application, the management does not wish to provide for the accrued interest and the penal interest. (5 Marks)(Intermediate-Nov 2000)

Question 4

How will you conduct the audit of Incomplete Records? (8 Marks) (PE-II Nov 2002)

Question 5

State with reasons your views on the following:

- (a) The auditor fails to obtain sufficient information to form an overall opinion on the matters contained in the financial statements. (4 Marks)*

(b) The Auditor does not agree with affirmations made in the financial statements. (4 Marks) (PE-II Nov 2002)

Question 6

How would you proceed to check the misappropriation of cash in a trading concern? (8 Marks)(PE-II May 2003)

Question 7

In performing an audit of financial statements, the auditor should have or obtain knowledge of the business. Explain in the light of AAS 20 (SA 230). (8 Marks)(PE-II May 2004)

Question 8

What are the types of internal control in a computer-based system?(8 Marks)(PE-II May 2003)

Question 9

Write a short note on - Cut-off arrangement. (4 Marks)(PE-II May 2003)

Question 10

- (a) Explain the meaning of the term "subsequent events" as used in the Auditing and Assurance Standard 19 (SA 560). (3 Marks)*
- (b) Should all type of subsequent events be considered by the auditor in his attest function? (3 Marks)*
- (c) Indicate briefly the procedures to identify subsequent events requiring adjustment of or disclosure in the financial statements. (10 Marks)(Intermediate-Nov 2001)*

Question 11

What will be position of the Auditor in the following cases?

- (a) A, a chartered accountant has been appointed as auditor of Laxman Ltd. In the Annual General Meeting of the company held in September, 2000, which assignment he accepted. Subsequently in January, 2001 he joined B, another chartered accountant, who is the Manager Finance of Laxman Ltd., as partner. (5 Marks)*
- (b) K, a chartered accountant, was appointed as auditor of Y Ltd. In the 12th Annual General Meeting of the company in September, 1999. In June, 2000 the company removed him through a resolution in the general meeting and appointed Ram as its auditor. (5 Marks)*