

Note:-all questions are compulsory.

Marks:-100

Question 1

- (a) Y, is the auditor of X Pvt. Ltd. In which there are four shareholders only, who are also the Directors of the company. On account of bad trade and for reducing the expenses in all directions, the directors asked Y to accept a reduced fee and for that he has been offered not to carry out such full audit as he has done in the past. Y accepted the suggestions of the directors. (4 Marks)
- (b) While conducting the audit of a limited company for the year ended 31st March, 2000, the auditor wanted to refer to the Minute Books. The Board of Directors refused to show the Minute Books to the auditor. (4 Marks)(Intermediate-Nov 2001)

Question 2

State briefly, how will you audit the following in a joint stock company:

- (a) Issue of shares for consideration other than cash. (6 Marks)
- (b) Buy-back of shares by the company. (5 Marks)
- (c) Splitting of one share of the face value of Rs.10 into 10 shares of Re.1 each. (5 Marks)(Intermediate-Nov 2000)

Question 3

Explain the audit procedure for conducting the audit of a Non-Governmental Organisation (NGO). (16 Marks)(PE-II Nov 2002)

Question 4

Comment on the "Auditor's professional responsibilities are governed by basic principles which should be complied with whenever an audit is carried out."?

(10 Marks)(PE-II Nov 2002)

Question 5

Write a short note on - Disclosure of Accounting Policies. (4 Marks)(PE-II May 2003)

Question 6

Write a short note on - Audit Risk. (4 Marks) (PE-II May 2004)

Question 7

- (a) *Can the Statutory Auditor rely upon the work of an Internal Auditor?*
(8 Marks)
- (b) *What do you understand by Audit through the Computer?(8 Marks)(PE-II Nov 2003)*

Question 8

Give your comments on the it is not essential to verify the sale proceeds of scrap which did not have a significant value if the company had a good accounting and costing systems.

(4 Marks)(PE-II May 2004)

Question 9

Write a short note on the Contingent Liability. (4 Marks)(Intermediate-Nov 2001)

Question 10

Comment on the following:

- (a) *In case the existing auditor(s) appointed at the Annual General Meeting refused to accept the appointment, whether the Board of Directors could fill up the vacancy.(4 Marks)*
- (b) *X and Co., Chartered Accountants, who were appointed as the first auditors of the company, were removed without the prior approval of the Central Government, before the expiry of their term, by calling an Extraordinary General Meeting.(5 Marks)*
- (c) *Due to the resignation of the existing auditor(s), the Board of directors of X Lld appointed Mr. Hari as the auditor. Is the appointment of Hari as auditor valid?*
(4 Marks)
- (d) *At the Annual General Meeting of the Company, a resolution was passed by the entire body of shareholders restricting some of the powers of the Statutory Auditors. Whether powers of the Statutory Auditors can be restricted?*

(5 Marks)(Intermediate-May 2002)