

Roll No.....

Total No. of Questions—6]

[Total No. of Printed Pages—3

Time Allowed—3 Hours

Maximum Marks—100

LOC

Answers to questions are to be given only in English except in the case of candidates who have opted for Hindi medium. If a candidate who has not opted for Hindi medium, answers in Hindi, his answers in Hindi will not be valued.

Answer **all** questions.

Marks

1. Comment on the following :

(a) T Ltd. an Indian company, subject to Indian Income tax Act, 1961, discloses advance Income-tax paid (Current tax asset) and provision for Income-tax (Current tax liability), separately in Balance Sheet for the year ended 31.3.2010, i.e., it do not offset the amount. 5

(b) A Private Limited reports the following position as on 31st March, 2010 : 5

Paid up capital	30 lacs
Revaluation reserve	10 lacs
Capital reserve	11 lacs
P&L A/c [Dr. Balance]	2 lacs

The Management of the Company contends that CARO 2003 is not applicable to it.

(c) S Ltd. issued Bonds to the tune of Rs. 100 lacs and provided security to the tune of Rs. 80 lacs for the same. It insists that it will disclose the Bonds as “Secured” in the Balance Sheet of the Company. 5

(d) F Limited includes in the Schedule of Inventory, those items of Fixed assets which have not been in active use and held for disposal, as inventory item. 5

2. Give your comments with reference to the Chartered Accountants Act, and Schedules thereto :

- (a) Mr. A, a practising Chartered Accountant, took over as the executive chairman of a Software Company on 1.4.2010. On 10.4.2010 he applied to the Council for permission. 4
- (b) Mr. X, a practicing Chartered Accountant, issued a circulation certificate for a periodical on the basis of outward memos, which was later found to be false. 4
- (c) Mr. Z, a practicing Chartered Accountant, received a sum of Rs. 1 lac on 1.9.2009 from a client who intends to leave abroad for a period of a year, with a request that his advance tax liabilities to be paid over the three instalments. On 15th September, 2009, 15th December, 2009 and 15.3.2010. After remitting the 1st instalment of advance tax on 15.9.2009, Z did not keep the Balance Money in a separate Bank account and he is of the opinion he will remit the money within reasonable time as per payment schedule of Advance tax. 4
- (d) Mr. X, a Chartered Accountant, employed as a paid Assistant with a Chartered Accountant, firm. On 31st December, 2008 he leaves the services of the firm. Despite many reminders from ICAI he fails to reply regarding the date of leaving the services of the firm. 4

3. (a) In the course of audit of ABC Ltd. its management refuses to provide written representations. As an auditor what is your duty ? 4

(b) While planning the audit of S Ltd. you want to apply sampling techniques. What are the risk factors you should keep in mind ? 4

(c) What are the auditors responsibilities in respect of corresponding figures ? 4

(d) IT systems also pose specific risks to an entity's internal control ? What are those risks ? 4

4. (a) While auditing the Branch of a Bank you are required to examine Inter Branch adjustments. Which points require your special attention ? 6

(b) How do you examine claims against the Bank not acknowledged as debts ? 4

(c) While auditing the claims paid in respect of a General Insurance Company what aspects need to be looked into ? 6

LOC

Marks

5. (a) What is the purpose served by Introduction of Cost audit ? 4
- (b) As auditor of Z Ltd., you would like to limit your examination of account balance tests. What are the control objectives you would like the accounting control system to achieve to suit your purpose ? 4
- (c) In the audit planning process of X Ltd., you would like to consider audit risk at the financial statement level. What are the factors can influence your decision ? 3
- (d) Explain the liability of the auditor under section 62 of the Companies Act, 1956, for making an untrue statement in the report (as an expert forming a part of the prospectus). 5
6. Write short notes on the following :
- (a) Special points that may be covered in the audit of equipment leasing finance company. 4
- (b) Mark to Market margins. 4
- (c) Major steps required in preparation of Tax audit under VAT. 5
- (d) Focus of a Peer review. 3