Roll No. ……………………………

Total No. of Questions – 7 | Total No. of Printed Pages – 4

Time Allowed – 3 Hours | Maximum Marks – 100

APU

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 has not opted for Hindi Medium, his/her answers in Hindi will not be valued.

Question No. 1 is compulsory.

Attempt any **five** questions from the remaining **six** questions.

Marks

1. Discuss the following :

(a) Advantages and disadvantages of Joint Audit. 5

(b) Disclosure requirement relating to Trade Receivables under Revised Schedule VI to the Companies Act, 1956. 5

(c) Indicate the factors which make it appropriate for an auditor to send a new Engagement Letter for a recurring audit. 5

(d) Enquiry from Management is helpful for Auditor to evaluate subsequent events. Discuss specific enquiries in reference of SA 560, which might have effect on the financial statements. 5

Marks

2. State with reasons (in short) whether the following statements are correct or incorrect : (Answer any **eight**) $8 \times 2 = 16$

(i) Emphasis of Matter paragraph in the Auditor's Report is a substitute of Disclaimer of Opinion.

(ii) The primary objective of an audit is to detect fraud and errors in Financial Statements.

(iii) The Statutory Auditor is required to verify inventory physically.

(iv) It is the responsibility of the Auditor to ensure that Statement of Profit and Loss and Balance Sheet of the company shall comply with the Accounting Standards.

(v) An Auditor's external expert is not subjected to quality control policies and procedures of an audit firm.

(vi) Extracts and copies of important legal documents, agreements and minutes relevant to the audit is part of current audit file.

(vii) The Auditor shall express an unqualified opinion if the Auditor is unable to obtain sufficient audit evidence regarding the opening balances.

(viii) The first Auditor is generally appointed by the company at a General Meeting.

(ix) Surprise checks are part of internal check.

(x) An Auditor is bound to provide copies of the working papers to the CEO of the company.

Marks

3. How you will vouch/verify the following ? 4×4 =16

(a) Assets acquired on lease.

(b) Investment in the shares and debentures of subsidiary.

(c) Provision for income tax.

(d) Retirement gratuity to employees.

4. (a) Discuss in brief the types of audit risk and inter-relationship of components of audit risk. 6

(b) State the matters to be specified in the Auditor's Report in terms of provisions of Section 227(3) of the Companies Act, 1956. 6

(c) Verification of issue of Bonus Shares. 4

5. Discuss with reference to SAs :

(a) "The degree of reliance that a Statutory Auditor can place on the work of the Internal Auditor is a matter of individual judgement". 8

(b) Explain the audit procedures when Principal Auditor is using the work of another Auditor. 8

6. (a) Mention any eight important points which an Auditor will consider while conducting the audit of a school. 8

(b) Purpose of providing depreciation. 4

(c) Casting or totaling is an important tool of audit for an Auditor. 4

Marks

7. Write short notes on any **four** of the following : 4×4 =16

(a) Power of Comptroller and Auditor General of India in performance of duties.

(b) Self-revealing errors and four illustrations thereof.

(c) Substantive procedures.

(d) Materiality and audit risk.

(e) Companies not covered under Companies (Auditor's Report) Order, 2003.
