Roll No. ....

Total No. of Questions – 7

Total No. of Printed Pages – 4

Time Allowed – 3 Hours

Maximum Marks – 100

MEP

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, answers in Hindi, 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 of independent audit. **5**

(b) The auditor's report is considered to be modified under certain circumstances. **5**

(c) Is detection of fraud and error duty of an auditor ? **5**

(d) Mention any four information which assists the auditor in accepting and continuing of relationship with the client as per SA 220. **5**

Marks

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

(i) C & AG orders to conduct test audit of the accounts of a Government company.

(ii) The auditor shall not modify the opinion in the auditor's report.

(iii) The first auditor of a Government company was appointed by the Board in its meeting after 10 days from the date of registration.

(iv) As per section 138 of the Companies Act, 2013 private companies are not required to appoint internal auditor.

(v) Written representation by management as to the quality of inventory is substitute for verification.

(vi) Letter of weakness is issued by the Management.

(vii) Scrutiny of Bank Reconciliation statement is one of the audit techniques.

(viii) The basic objective of audit does not change with reference to nature, size or form of an entity.

(ix) Director's relative can act as an auditor of the company.

(x) If an LLP (Limited Liability Partnership Firm) is appointed as an auditor of a company, every partner of a firm shall be authorized to act as an auditor.

Marks

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

(a) Rental Receipts

(b) Repair to assets

(c) Work-in-progress

(d) Insurance claims

. (a) State the significant difficulties encountered during audit with reference to SA-260 (communication with those charged with governance). 6

(b) The auditor may exercise his judgement to identify which risks are significant risks. Explain the above in context of SA-315. 6

(c) State the manner of rotation of auditors on expiry of their term. 4

5. (a) Audit documentation serves a number of purposes. Explain with reference to SA-230. 6

(b) Explain the inherent limitations of Internal Control. 6

(c) Point out any eight areas where external confirmation used as an audit procedure. 4

Marks

6. (a) What are the advantages of the audit of the accounts of a partnership firm ? 6

(b) What are the objectives and functions of Auditing and Assurance Standards Board (AASB) ? Explain. 6

(c) State the important objectives of local body's audit. 4

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

(a) Fundamental Accounting Assumptions.

(b) Methods to obtain audit evidence.

(c) Importance of working papers.

(d) Random sampling.

(e) Defalcation of cash with examples.
