Self Test Series -2

Question 1 is compulsory
Attempt any five question out of the remaining six question

(Chapter 1-4)

1. Discuss the following : ***[5 Marks Each]***
(a). ''The auditor should consider the effect of subsequent events on the financial statement and on the auditor's report'' according to SA 560. Comment. (PM-1.7)
(b). A joint auditor is not bound by the views of the majority of the joint auditors regarding matters to be covered in the report. 'Justify this statement in the light of responsibilities of joint auditors under SA299.
(PM- 2.22)
(c). In a system based audit, test checking approach provides a good base for the auditor to form his opinion on the financial statement. Comment. (PM- 3.19)
(d). ''The overall objective and scope of an audit does not change in EDP environment''. Comment. (PM-4.4)

2. State with reason (in short) whether the following statement are correct or incorrect: (Answer Eight) ***[2 marks each]***

a. SA 700 deals with modification to the opinion in the independent auditor's report. (MTP-M16)
b. Guidance Notes are mandatory in nature. (MTP-M16)
c. As per SA240, misstatement in the financial statement can arise from fraud only. (MTP-M16)
d. Misappropriation of assets can be accomplished by embezzling receipts only. (MTP-M16)
e. Inspection consists of looking at a process or procedure being performed by others. (MTP-M16)
f. As per SA 230 Audit documentation, Working property are not the property of the auditor.(MTP-M17)
g. There is a direct relationship between materiality and audit risk.(MTP-M17)
h. Teaming and lading is one of the technique of inflating cash payment.(MTP-M17)
i. The basic objective of audit does change with reference to nature,size or form of an entity.(MTP-M17)
j. Scrutiny of Bank Reconciliation statement is one of the audit technique. (MTP-N16)

3. Write short notes on the following: [4 Marks Each]

a. Going concern concept. (PM-1.15)
b. Audit working paper. (PM-2.23)
c. Audit Programme. (PM-3.13)
d. Audit trial (PM-4.6)

4. a. What are the auditors responsibilities for the detection of fraud and errors? (PM-1.11) **[6 Marks]**
b. Give six examples of operating conditions that may cast doubt about going concern assumption. (MTP- N16) **[6 Marks]**
C. what is the importance of having the accounts audited by an independent auditor? (PM- 1.21) **[4 Marks]**

5. a. Explain the test of controls and substantive procedure as audit procedure of obtaining sufficient audit evidence for forming an audit opinion.
[MTP-N15] **[6 Marks]**
b. Can external auditor rely upon the work of internal auditor ? [PM-4.11] **[6 Marks]**
c. Explain in brief the utility of working paper to an auditor. [PM-3.20] **[4 Marks]**

6. a) Explain, what do you mean by analytical procedures. How such procedures are helpful in auditing? (PM-2.18) [6 Marks]
b) Explain Inherent risk with reference to the relevant standards on Auditing.
c) What is the aim of internal control so far as financial and accounting aspects are concerned?

7. Write Short Notes on any four of the following:

a) Why are CAAT required in EDP audit?
b) Special Audit techniques (PM-4.13)
c) Current Audit File(PM-3.16)
d) Check List (MTP MAY 2016)
e) Operational Audit (PM-1.7)