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AEJ2

Roll No.

Total No. of Printed Pages – 7

Total No. of Questions – 6

Maximum Marks – 70

GENERAL INSTRUCTIONS TO CANDIDATES

1. The question paper comprises two parts, Part I and Part II.
2. Part I comprises Multiple Choice Questions (MCQs).
3. Part II comprises questions which require descriptive type answers.
4. Ensure that you receive the question paper relating to both the parts. If you have not received both, bring it to the notice of the invigilator.
5. Answers to Questions in Part I are to be marked on the OMR answer sheet only. Answers to questions in Part II are to be written on the descriptive type answer book. Answers to MCQs, if written in the descriptive type answer book, will not be evaluated.
6. OMR answer sheet will be in English only for all candidates, including for Hindi medium candidates.
7. The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive type answer book. No bar code sticker is to be affixed on the OMR answer sheet.
8. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
9. Duration of the examination is 3 hours. You will be required to submit (a) Part I of the question paper containing MCQs, (b) OMR answer sheet thereon and (c) the answer book in respect of descriptive type answer book to the invigilator before leaving the exam hall, after the conclusion of the exam.
10. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the above-mentioned items.
11. Candidate found copying or receiving or giving any help or defying instructions of the invigilators will be expelled from the examination and will also be liable for further punitive action.

PART – II

70 marks

1. Question paper comprises 6 questions. Answer Question No. 1 which is compulsory and any 4 out of the remaining 5 questions.
2. Answers to the 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 evaluated.

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or the following :

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As an auditor of a listed company for the year ended 31st March, 2019,
how would you determine the 'Key Audit Matters' ?

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(b) As the auditor appointed under the GST Act, 2017, how would you
verify 'Unbilled transactions at the beginning of the financial year' ?

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(c) Enumerate the Operating conditions of an entity that may cast
significant doubt on the entity's ability to continue as a "Going
Concern".

2. Answer the following :

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(a) You have been appointed as an auditor of M/s Excellent Hotels Ltd.
As a senior partner, you want to use analytical procedures in respect of
room rentals as well as payroll expenses. Discuss.

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(b) The Directors and senior management of a listed company of which
you are the statutory auditor, want to know their obligations under the
SEBI Regulations in regard to Board or Non-Executive Directors.
(mention any five)

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- (c) A Chartered Accountant in practice, empanelled as an Insolvency Professional (IP) has mentioned the same on his visiting cards, letter heads and other communications also. A person residing in his neighbourhood, has filed a complaint for professional misconduct against the said member for such mention of IP. You are required to examine the same with reference to The Chartered Accountants Act 1949. 4

3. Answer the following :

- (a) M/s ABC & Co, LLP are appointed auditors of Sharp Company Ltd for the year ended 31st March, 2019. As part of the audit process, they want to use confirmation procedures as audit evidence during the course of audit. In view of the fact that positive confirmations are not responded favourably, the firm also intends to use negative confirmation requests. What are The factors to be considered for the same ? 7

- (b) M/s LMP Associates, Chartered Accountants while conducting the audit of PQR Ltd want to conduct an inquiry of management and those charged with governance as to whether any subsequent events have occurred which might affect the financial statements. Guide M/s LMP Associates with the matters where specific enquiry may be conducted to evaluate subsequent events. 7

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4. Answer the following :

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(a) Mr. Y, a practising Chartered Accountant, has been appointed as an auditor of M/s Z Ltd on 12th June, 2018 for the year ended 31st March, 2019. The following persons have done following transactions in securities of M/s Z Ltd. :

➤ Daughter of Mr. Y : Purchase of Securities on 10th September, 2018 of face value of ₹ 45,000 (market value ₹ 90,000)

➤ Husband of daughter of Mr. Y: Purchase of Securities on 10th December, 2018 of face value of ₹ 90,000 (market value ₹ 1,90,000).

All the above securities were sold on 10th March, 2019 for ₹ 3,00,000.

Discuss the implications of the above on the appointment of Mr. Y.

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(b) Webcom Ltd, a public company with a paid up share capital of ₹ 20 crores has a turnover for the financial year 2018-19 of ₹ 220 crores. X, a recently qualified Chartered Accountant, has been appointed for conducting internal audit. He seeks your advice in drafting a good quality internal audit report. Please guide him by elaborating (in brief) the essential features of a good internal audit report.

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- (c) R Ltd. owns 51% voting power in S Ltd. It however, holds and discloses all the shares as "Stock-in-trade" in its financial statements since the shares are held exclusively with a view to their subsequent disposal in the near future. R Ltd. represents that while preparing Consolidated Financial Statements, S Ltd. can be excluded from the consolidation. As the Statutory Auditor of R Ltd, how would you deal when the consolidated financial statements are to be drawn up in compliance with Ind AS ? 4

5. Answer the following :

- (a) Discuss the types of Margins under stock exchange trading regulations. 5

- (b) M/s Sri & Co., Chartered Accountants have been allotted the branch audit of a nationalized bank for the year ended 31st March, 2019. You are part of audit team and have been instructed by your partner to verify the following areas : 5

- (i) Fulfilment of the criteria prescribed for NPA norms for the advances given for agricultural purposes.
- (ii) Drawing power calculation from stock statements in respect of working capital accounts.

What may be your areas of concern as regards matters specified above ?

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- (c) Discuss Solvency Margin in case of an Insurer carrying on General Insurance Business.

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6. Answer the following :

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- (a) While conducting GST audit of PQR Ltd, you have observed the following :

PQR Limited has exported goods to a Company located in USA. The value of goods is \$100,000. The exchange rate on the date of filing Shipping Bill is : CBEC notified ₹ 65 and RBI Reference rate ₹ 68.

At the time of receiving money, the bank exchanged the foreign currency at ₹ 70.

How would you report the adjustments in turnover due to foreign exchange fluctuations in Reconciliation statement in Form GSTR 9C prescribed in terms of Rule 80(3) of CGST Rules, 2017.

- (b) The reports of the Comptroller and Auditor General of India on the audit of PSUs are presented to the Parliament and to various state legislatures to facilitate a proper consideration. Enumerate the contents of Audit Report presented by C & AG.

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- (c) Mr. A, Chartered Accountant in practice as a sole proprietor at Mumbai has an office in the suburbs of Mumbai. Due to increase in the income tax assessment work, he opens another office near the income tax office, which is within the city and at a distance of 30 kms from his office in the suburbs. For running the new office, he has employed a retired Income Tax Commissioner who is not a Chartered Accountant. 4

Examine the above with respect to the Chartered Accountants Act, 1949.

OR

What is the eligibility to be a 'Peer Reviewer' ? 4

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