Roll No. ....

ıal No. of Printed Pages – 4

Maximum Marks – 70

Total No. of Questions – 6

GENERAL INSTRUCTIONS TO CAND.DATES

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. Answers to questions in Part II are to be written on the descriptive type answer book. Answers to MCQs written in the descriptive 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. When you have completed even before time, remain in your seat.
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 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. Working notes should form part of the answer.
3. 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.

PART – II

1. Examine with reasons whether the following statements are correct or incorrect. (Answer any **seven** out of **eight**) 7×2= 14

(A) Where the firm is appointed as an auditor of the entity the audit report is signed only in the name of audit firm.

(B) Satisfactory Control environment is not an absolute deterrent to fraud.

(C) Bhartiya Gas Ltd. a Government Company, the Comptroller and Auditor-General of India shall, in respect of a financial year, appoint an auditor duly qualified to be appointed as an auditor of companies under this Act, within a period of 180 days from the end of the financial year, who shall hold office till the end of the next Financial year. Correct

(D) Joint auditor is always bound by the views of majority of the joint auditors regarding matters to be covered in report.

(E) Auditor of a Nationalised bank is to be appointed at the annual general meeting of the shareholders.

(F) The accounts of every LLP shall be audited in accordance with rule 24 of LLP Rules 2009.

(G) Positive Confirmation request is a request where the confirming party respond only if it disagrees with the information provided in the request. Incorrect

(H) Rule 3 of the Companies (Cost Records and Audit) Rule, 2014 provides the classes of companies, engaged in the production of goods or providing services, having an overall turnover of ₹ 25 crore or more during the immediately preceding financial year, required to include cost records in their books of account.

2. (A) "Sampling risk can lead to erroneous conclusions". Justify. 4

(B) List out the points that should be kept in mind by the auditor for the purpose of constructing an audit programme. 3

(C) CA Raj, an engagement partner wants to take decision, regarding acceptance and continuance of an audit engagement. Which informations, he should obtain before accepting an engagement ? 3

(D) Describe how the process of establishing the overall audit strategy assists the auditor in marshalling his human resources. 4

3. (A) "P India" Ltd. is a manufacturer of various sports products. The company is having several cases of litigation pending in courts. The auditor wanted to identify litigation and claims, which may give rise to risk of material misstatements. Suggest the audit procedures in the given case. 4

(B) Which are specific risks to the company's internal control having IT environment ? 4

(C) "Independence of mind and independence in appearance are interlinked perspectives of Independence of auditors." Explain. 3

(D) "Completion Memorandum" is helpful as part of the audit documentation. Explain. 3

4. (A) You are an auditor of PQR Ltd. which has spent ₹ 10 lakhs on Research activities of the product during period under audit. Board of Directors want to recognize it as an internally generated intangible assets. Advise and discuss the conditions necessary to be fulfilled to recognize the intangible assets in the financial statements. 4

(B) While auditing purchases which types of analytical procedures will be performed by the auditor to obtain audit evidence as to overall reasonableness of purchase quantity and price. 4

(C) While reviewing Employee benefits expenses of a company, how you as an auditor you will evaluate its hiring, appraisal and retirement process ? 3

(D) The securities premium account may only be applied by the company towards the issue of unissued shares of the company to the members of the company as fully paid bonus shares, Comment. 3

5. (A) Board of Directors of "XYZ Ltd." found the auditors of the Company acted in a fraudulent manner, and decided to remove the auditors in board's meeting. Comment on the action of Board of Directors and describe correct procedure to be followed for removal of auditors before expiry of their term. 4

(B) Auditors have right to attend only those general meetings at which the accounts audited by them are to be discussed. Comment. 4

(C) Though legally auditor may exercise right of Lien in case of companies, it is mostly impracticable for legal and practicable constraints. Do you agree ? 3

(D) Explain the Reporting requirements the auditor should ensure under CARO 2016 related to fixed assets. 3

6. (A) You are appointed as an auditor of Banking Co., and hold discussions with engagement team. List out matters which you would discuss at the planning stage of an audit to gain better understanding of the bank and its environment. 4

(B) Define the different types of lease agreements as per Accounting Standard/Ind-AS. 4

OR

Mr. Piyush, the Bank Manager develops controls to aid in managing key business and financial risks. Discuss the various requirements for an effective risk management system in a bank.

(C) Central Govt. hold 55% of the paid up share Capital in Kisan Credit Co-operative Society, which is incurring huge losses. Advise when the Central Government can direct Special Audit under Section 77 of the Multi State Co-operative Society Act. 3

(D) Discuss the power of C & AG in Government audit. 3