

Roll No.

Total No. of Questions – 7

Total No. of Printed Pages – 4

Time Allowed – 3 Hours

Maximum Marks – 100

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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) Despite of several disadvantages, audit programme is required to start an audit.	5
(b) The discipline of behavioural science is closely linked with the subject of auditing.	5
(c) The reliability of audit evidence is influenced by its source, nature and circumstances under which it is obtained.	5
(d) As per SA 530, meaning of audit sampling, sample design, sample size and selection of items for testing.	5

(2)

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2. State with reason (in short) whether the following statements are correct or incorrect. (Any **Eight**) **8×2**
=16

- (a) Rajat, an auditor recovers his fees on progressive basis is said to be indebted to company.
- (b) "Examination in depth" implies that the auditor vouches almost all transactions in a manner that the chances of not checking any transaction are left at minimum.
- (c) Branch auditor of a company should give photocopies of his working papers on demand by Company Auditor.
- (d) The first auditor of PQR Ltd., a Government Company was appointed by the board of directors of company.
- (e) Mr. 'R', a practicing Chartered Accountant, is appointed as a "Tax Consultant" of MN Ltd., in which his father Mr. 'C' is the managing director.
- (f) Inherent and control risk, and detection risk have same meaning.
- (g) Deviation in accounting policies are to be reported in auditor's report.
- (h) Financial statements should show "True and Correct" view of the affairs of the entity.
- (i) Events occurring after the balance sheet date must be disclosed in the financial statements.
- (j) Audit of Private Limited Companies are to be excluded while calculating ceiling on number of audits.

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(3)

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Marks

3. (a) Explain inherent limitations of internal control system. 8
- (b) With reference of SA 250 give some examples or matters indicating to the auditor about non compliance of laws & regulations by management. 8
4. How will you vouch and verify the following ? 4×4
=16
- (a) Remuneration paid to directors.
- (b) Assets acquired on hire purchase.
- (c) Profit or loss arising on sale of plots held by real estate dealer.
- (d) Advertisement expenses.
5. (a) What are the general considerations about the duties of an auditor that can be summarized on the basis of legal decisions taken by court so far ? 5
- (b) Under what circumstances the retiring auditor can not be reappointed ? 6
- (c) LMN Ltd. forfeited 1,000 equity shares because of non payment of final call money. On 1st November, 2013 directors reissued all these forfeited shares. As an auditor how will you verify the transaction ? 5
6. (a) What procedure may be adopted by an auditor, while auditing leasing transactions entered into by the leasing company ? 8
- (b) Mention any eight important points which an auditor will consider while conducting audit of club ? 8

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(4)

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7. Write short notes on any **four** of the following :

4×4

=16

(a) Basic standards set for audit of government expenditure.

(b) Use of flow charts in evaluation of internal control.

(c) Importance of audit working papers.

(d) Identification of significant related party transaction outside business.

(e) Verification of issue of sweat equity shares.

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