

Nov 18- sem 3- Auditing Sol Set - 2

Q1 A)

(8marks)

1. 15 days.
2. Rs.5,00,000/-
3. Pay -in - Slip
4. Auditing.
5. Management.
6. Going Concern.
7. watch dog.
8. debtors.
9. professional.
- 10.written.

Q1 B)

(7 marks)

- 1.True.
2. True.
3. False.
4. False.
5. False.
6. False.
- 7.True.
8. False.
9. True.
10. False.

2

Q 2) Vouching of Interest Income & Insurance Premium:

(15 marks)

Interest Income:

- Receipts , Terms & Conditions , Installments.
- Recovery , Rate of Interest and TDS.
- Reconciliation.
- Disclosures.

Insurance Premium:

- Supporting Documents
- Name , Date , Amount & Period.
- Signatures.
- Errors.
- Disclosure vide Revised Schedule III.

OR

Q2 A) Vouching of Cash Sales:

(8 marks)

- Supporting Documents
- Name , Date , Sr.No. , Amount
- Quantity , Signature on Bills
- Signature & Stamp of Party.
- Errors & Frauds.
- Proper Accounting.
- Guidelines by ICAI.

Q2 B) Vouching and its Need :

(7 marks)

- Definition
- Occurrence.
- Amount.
- Relevant Entries.
- As per the standards.
- As per the Law.
- Disclosures.
- Detect errors and Frauds.

Q3) Verification of Inventory and Accounts Receivable :

(15 marks)

- Verify the existence of Inventory.
- Verify the possession of Inventory.

(B)

- Cut -Off Transactions.
- Subject to charge or Lien.
- Audit Report under Companies Act.
- Guidance Note on Audit of Inventories.
- Management Certificate.
- Physical stock , Book Stock and Stock with Outsiders.
- Stock Taking Procedures.
- Accounts Receivable :
- Obtain evidence regarding existence , non- omission , valuation & disclosure of debtors.
- Debt exists & due.
- NO debt omitted from Books.
- Debts are recoverable & properly valued.
- Debtors are disclosed in accounts as per recognized A/c ing policies.

OR

(8 marks)

Q 3 A) Vouching v/s Verification.

- Meaning & Definition
- Period.
- Items Checked.
- Aims & Importance.
- Errors & Frauds.
- Audit Techniques.

(7 marks)

Q 3 B) Problems faced by Auditor in Verification & Valuation of Assets :

- Impossible to verify & Value each & every asset.
- Character of the Asset.
- Use of the Asset.
- Estimated Life.
- Events after Balance Sheet.
- Lack of Information.

(15 marks)

Q4. Provisions of SA200: Overall Objectives & Conduct of Audit.

- Introduction
- Overall Objectives of the Auditor.
- To obtain reasonable assurance....
- To report on financial statements....
- Purpose of Audit
- Management Responsibilities..
- Reasonable Assurance...
- Materiality.....

4

- Audit evidence..
- Audit Risk
- Historical financial information..
- Misstatements.
- Professional judgement & skepticism...

OR

Q4 A) the provisions of SA 320 : Materiality

(8 marks)

- Materiality when conducting the Audit.
- Misstatements..
- True & fair presentations...
- Size & Nature of the items
- Quantitative cut – off point...
- Professional judgement..
- Legal requirements : material items , non-recurring items
- Professional requirements: Extra-ordinary items , ordinary items & prior period items.
- When small amounts are considered material.

Q4 B) Auditing Standards & their Need :

(7 marks)

Definition & Meaning :

- Represents a codification of the best practices in the field of Auditing....
- Performance benchmarks.
- Essential Procedures....
- Need: Credibility
- Compliance
- Right Approach
- Consistency & Quality...

Q 5) Qualifications and Disqualifications of an Auditor:

(15 marks)

Qualifications:

- CA in practice.
- CA firm / LLP in practicing
- CA partners

Disqualifications :

- Body Corporate..
- Employee of Company..
- Person / Relative / Partner...
- Holding security in company..

5

- Indebted to company > Rs500000/-
- Business relationship with Company.
- Person whose relative is Director...
- Audit of >20 companies.
- Person convicted of Fraud.
- Person engaged in Consulting & Specialised services...

OR

Q5) Short Notes:

(15 marks)

1) Rotation of Auditors :

- Rotation of Auditors u/s 139(3).
- After Expiry of term u/s 139(4).
- Joint Auditors....

2) Audit Evidence :

- Nature & importance
- supporting documents.
- Materiality of evidence.

3) Vouching of Travelling Salesmen Commission

Terms – Computation – Acknowledgement – Authorised ...

Orders – Comparison – Records – Outstanding and comparisons.

4) Verification & Valuation of Goodwill

Recognition , Recording & Agreement...

Treatment & Measurement...

Methods of goodwill valuation..

Disclosures...

Amortization...

5) Vouching of Credit Purchases:

- Supporting documents..
- Name , Date , SR.NO
- Amount , Quantity & Signature
- Stamp of Party.
- Test Check , Goods Received & returned...

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