

M.COM (Part - II)
Accountancy Group
Advanced Auditing
(Paper – IV) (May-2017)

QP Code : 16312

(3 Hours)

[Total Marks : 100

- N.B. :** (1) Question Nos. I and II are **compulsory** carrying **20** and **16** marks **respectively**.
 (2) Attempt any **four** questions from the **remaining**, carrying **16** marks **each**.
 (3) **Sub-questions** would carry **equal** marks (duly approximate where required) unless indicated to the contrary to their extreme right.
 (4) **Workings / References** to Statute, Standards, etc. (not necessary with reference no.s) to form part of the solutions and **necessary assumptions** to be made and stated clearly.

(A) The following is the account of Dickybird & Co. in the books of M/s. Arihant Traders : **12**

2016	Particulars		2016	Particulars	
25/4	To Advance against order Ale	12,00,000	10/4	By Purchases Ale	12,00,000
20/5	To Advance against order Ale	22,50,000	05/5	By Purchases Ale	22,55,500
20/5	To Bank	5,500	06/6	By Purchases Ale	25,10,000
16/6	To Bank	24,49,800			
16/6	To Bank	10,000			
16/6	To Discount earned	50,200			
		59,65,500			59,65,500

Scrutinise and Interpret the aforesaid account.

- (B) As an Auditor, state, in total details (including your reporting) how would you deal with / respond to / comment on the following situations : **8**
- (i) A Government entity has spent 125.5 Crores on Urban Road development sector for the construction of new roads, which, though constitutes its activities and jurisdiction, the amount spent was from the funds sanctioned for Rural Irrigation activities.
 (You are the Comptroller and Auditor General of India)
- (ii) A Company has not provided nor otherwise notified in/alongwith the financial statements for depreciation working out to 25,00,000/- on its Fixed Assets of 2,50,00,000/... on the ground that these Assets were hardly put to use.

[TURN OVER

II (A) Match the items from **Column A** to those in **Column B** selecting on an overall most appropriate basis :

A	B
• S.A. 230	• Accounts of all Customers
• S.A. 500	• Audit compulsion under the Income-tax Act, 1961
• Purchase Ledger	• Audit documentation
• Audit of an Educational Institution	• Companies (Auditors' Report) Order not applicable
• S.A.610	• Scope and powers much more than in Company Audit
• Business with year's turnover exceeding ₹ 1 crore	• Objective and scope of Audit of Financial statements
• Banking Company	• Trust Deed / Society Constitution
• Propriety Audit	• Audit evidence
	• Accounts of all Suppliers
	• Using the work of Internal Auditors

(B) Re-write the following sentences by choosing the most appropriate alternative :—

- (i) The Annual General Meeting has to be conducted by _____ .
(Proprietary concern / Partnership / Company)
- (ii) There exists a Standard on Audit on the _____ .
(external confirmations / initial audit engagement / both these)
- (iii) _____ is an inherent aspect in Audit of Government entities.
(Propriety Audit / Companies Act audit / none of these)
- (iv) In the case of _____ audit, the earlier year's accounts may not have been audited.
(Cooperative Society / Proprietary concern's / Government department)
- (v) In Tax-Audit, form no. _____ containing various particulars will have to be attached to the Audit Report under section 44AB of the Income-tax Act.
(3CA / 3CB / 3CD)
- (vi) In a Bank Audit, the Auditor will have to check compulsory transfer to the _____ .
(Statutory Reserve / Government / Capital Reserve)
- (vii) In the audit of a _____ , its Register of Patients has to be verified.
(Hotel / Hospital / Government)
- (viii) _____ has to follow Accrual basis of Accounting.
(Proprietary concern / Partnership / Company)

[TURN OVER

- III (A)** State the auditor's lookout necessary in Planning of Financial Audit as per S.A. 300.
(B) As an auditor, what overall 'Audit' objectives in its conduct would you pursue as per S.A. 200 ?
- IV** State the matters to be included under the Companies (Auditors' Report) Order, 2015 in respect of (i) Inter group loans and (ii) Statutory dues.
- V** Explain the various aspects as per the relevant S. A. in respect of Audit evidence to be followed by an Auditor.
- VI** What are the special considerations that you would apply in the course of Audit of an Insurance Company engaged in life insurance business ?
- VII** Explain the auditor's duty in respect of :—
(a) Analytical procedures as per S.A. 520;
(b) Checking the Public deposits of a Company under the Companies (Auditors' Report) Order, 2015.
- VIII** What would you check in auditing (a) Room rent/charges received and (b) Restaurant and room service receipts in the case of a Hotel ?
- IX** Write short notes on any **two** of the following :—
(a) Quality control for audit of Financial statements as per S.A. 220;
(b) The Auditors' concern with reference to Objective and scope of Audit of Financial statements;
(c) Salient features of the Audit of an Educational Institution;
(d) Important aspects in the Audit of a Banking company.
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