

**M.Com [ Part – II ]**  
**-: Accountancy Group :-**  
**Advanced Auditing**  
**(Paper- IV) (DEC- 2017)**

(3 Hours)

QP Code : 16313

[ 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 approximated wherever required) unless indicated to the contrary to their extreme right.  
(4) **Workings / References** to Statute, Standards, etc. (not necessarily with reference no.s) to form part of the solutions and **necessary assumptions** to be made and stated clearly.

I (A)

15

**M/s. Heavy Machinery Mart**  
**Machinery A/c**

Date	Particulars	F N	₹	Date	Particulars	F N	₹
01-04-2015	To Bank A/c		80,000	31-03-2016	By Depreciation A/c (8,000 + 10,000)		18,000
01-04-2015	To X Machinery Mart A/c		1,00,000	31-03-2016	By Bal. c/fd.		1,62,000
	<b>Total</b>		<b>1,80,000</b>	<b>Total</b>			<b>1,80,000</b>
01-04-2016	To Bal b/d		1,62,000	31-03-2017	By Cash		66,000
31-03-2017	To P/L A/c		2,000	31-03-2017	By Depreciation A/c (8,000 + 10,000)		18,000
				31-03-2017	By By Bal. c/fd.		80,000
	<b>Total</b>		<b>1,64,000</b>	<b>Total</b>			<b>1,64,000</b>

You are required to Analyse and Interpret the above Machinery A/c.

(B) As on Auditor, how would you proceed with verification of investments ?

5

[ TURN OVER

II (A) Match the items from **Column A** to those in **Column B** selecting on an overall most appropriate basis : 8

A	B
1 Internal Auditor	<ul style="list-style-type: none"> <li>• To be declared under CARO 2015</li> <li>• Turnover exceeding ₹ 1 Crore</li> <li>• Accrual Basis of Accounting</li> <li>• Compulsory for caustic soda Mfg. Co. and tyre and tube Co. (listed in respective schedule)</li> <li>• By the Management in Board Meeting</li> <li>• Reports to Management</li> <li>• By the Shareholders in A.G.M.</li> <li>• Does not apply to Insurance Co.</li> </ul>
2 First Auditor's appointment	
3 Reappointment of Statutory Auditor	
4 Public Deposit	
5 Tax Audit	
6 Company	
7 Caro 2015	
8 Cost Accounts	

(B) Select the most appropriate option for the following sentences and **rewrite** the **entire statement** :— 8

(i) \_\_\_\_\_ is basically responsible for prevention and detection of errors and frauds.

- (1) Auditor
- (2) Accountant
- (3) Management
- (4) Cashier

(ii) Discount income on Bills is shown by the Bank \_\_\_\_\_ .

- (1) In Schedule of interest earned
- (2) In Schedule of Advances
- (3) In Schedule of interest expended
- (4) In Schedule of other income

(iii) Financial statements need to be prepared in accordance with \_\_\_\_\_ .

- (1) Accounting standard issued by the Institute of Chartered Accountants of India.
- (2) Relevant statutory requirement
- (3) Relevant S. A.
- (4) All of the above

(iv) Balance of Loan Account (Liability) is best verified by / from \_\_\_\_\_ .

- (1) Ledger
- (2) Cash Book
- (3) Confirmation letter from Management
- (4) Confirmation letter from the entity who has given the loan

- (v) Current Assets do not include \_\_\_\_\_ .
- (1) Inventories
  - (2) Cash & Cash Equivalents
  - (3) Capital Work in progress
  - (4) Trade Receivables
- (vi) \_\_\_\_\_ is responsible for compliance with Accounting Standards.
- (1) Director
  - (2) Auditor
  - (3) Both these
  - (4) None of these
- (vii) Financial Statements have to be certified by \_\_\_\_\_ .
- (1) Director
  - (2) Auditor
  - (3) Both these
  - (4) None of these
- (viii) Interim dividend of a company can be declared by \_\_\_\_\_ .
- (1) Only the Shareholders
  - (2) Board of Directors after approval of stock exchange
  - (3) Board of Directors
  - (4) None of the above

**III (A)** Explain the provisions of :

- (i) S. A. 230 in respect of Audit Documentation;
- (ii) S. A. 500 in respect of Audit Evidence.

**(B)** Explain the provisions relating to :

- (i) Cost Audit under Companies Act, 2013;
- (ii) Proper Books of Accounts as per Companies Act, 2013.

**IV** Write short notes on any **two** of the following :—

- (a) Audit of Hotels;
- (b) Audit of Educational Institutions;
- (c) Audit of Remuneration paid to the Directors.

**V** State the matters to be included under the Companies (Auditors' Report) Order, 2015 in respect of (a) Internal Control, (2) Loans given by the company.

**VI** Explain the Rights and Duties of Internal Auditor.

**VII** What are the special considerations that you would apply in the course of Audit of a Bank ?

**VIII** Explain the important points in respect of Auditor's duty in relation to :

- (a) Issue of Bonus Shares;
- (b) Issue of Right Shares;
- (c) Sweat Equity Shares;
- (d) Propriety Audit.

**IX** Write short notes on any **two** of the following :—

- (a) Duties of Comptroller and Auditor General of India;
  - (b) Tax Audit under section 44AB of the Income Tax Act 1961;
  - (c) Audit of a Hospital;
  - (d) Audit of Assets of Limited Company under the Companies Act, 2013.
-