

Please check whether you have got the right question paper.

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

Q.1 A) The following is an account of Mr. Babu in the Books of Raju. You are required to make an Audit scrutiny of the same. **(12)**

Books Of RAJU
MR. BABU'S ACCOUNT

DR				CR			
DATE	PARTICULARS	JF	AMOUNT (Rs.)	DATE	PARTICULARS	JF	AMOUNT (Rs.)
2017 Nov				2017 Nov			
3 rd	To Cash a/c		50,000	1 ST	By Balance b/fd		1,00,000
3 rd	To Bank a/c		50,000	7 th	By Bank		50,000
9 th	To Purchase Return a/c		10,000	7 th	By Bank charges		1,000
16 th	To cash a/c		51,000	8 th	By Purchase a/c		1,00,000
21 st	To Bank a/c		90,000	19 th	By Purchase a/c		2,00,000
28 th	To Bank a/c		1,00,000				
29 th	To Cash a/c		50,000				
30 th	To Balance c/fd		50,000				
	Total		4,51,000		Total		4,51,000

Q.1 B) As an auditor, State in total details (including your reporting), how would you deal with respond to / comment on the following situations.

- a) Mr. Lawrence is a proprietor carrying on a business of Trading. During the year ended 31.03.2017 his turnover was Rs 1, 02, 00,000 of which returns were Rs. 5, 00,000. Mr. Lawrence contemplates that the audit of financial statements is not mandatory for him. He appoints you as his consultant. Kindly advise him. **(08)**
- b) You are the auditor of Makheecha Realty Ltd. The company has not recognised its income from dividend during the current financial year though it was declared at the AGM held in the said financial year as the amount was not received that year Advise the company on the year of taxability of the said dividend.

Q.2 A) Match the items from Column A with Column B on an Overall most Appropriate basis.

Column A	Column B
1) Special Audit of a company	1. Final Audit
2) Audit of a proprietary concern	2. Internal Audit
3) Tax Audit	3. Continuous Audit
4) Management Audit	4. Soundness of decisions and implementation
5) Performance Audit	5. Audit with specific objectives
6) Propriety Audit	6. Voluntary Audit
7) Audit by own staff	7. Moral check
8) Audit taken up after end of the accounting year	8. Where annual turnover exceeds Rs. 60 Lakhs
	9. Efficiency of management is checked
	10. Where the Annual Turnover exceeds Rs. 1 Crore.

Q.2 B) Rewrite the following sentences choosing the most appropriate answer from the given alternatives.

- 1) As per IRDA regulations an insurance company is required to prepare.
 - a) Revenue Account b) Profits & Loss A/c c) Balance Sheet d) All of the above
- 2) The items under 'Reserve & Surplus' in schedule 2 of the Balance sheet of a Bank should show the following.
 - a) Statutory Reserve, Capital Reserve, Share Premium
 - b) Capital Reserve, Statutory Reserve, Share forfeiture a/c
 - c) Statutory Reserve, Securities Premium a/c, Capital Reserve
 - d) None of the above
- 3) Bills purchased and discounted are shown in the Balance sheet of a Bank.
 - a) In the notes forming part of Balance sheet of a Bank under contingent liabilities.
 - b) In the schedule of advances
 - c) In both these
 - d) In none of these
- 4) Inter office adjustments (net) will appear in the abridged Balance sheet of a Bank.
 - a) Under 'other liabilities' only
 - b) Under 'other assets' only
 - c) either under 'other liabilities' or 'other assets'
 - d) both under 'other liabilities' or 'other assets' as contra
- 5) Audit programme is prepared by _____.
 - a) The client b) The shareholders c) The auditor & his assistants d) The directors.
- 6) Bills for collection are shown _____.
 - a) In the balance sheet of Bank under Assets
 - b) In the balance sheet of Bank under liabilities
 - c) in the notes forming part of Balance Sheet of a bank immediately after contingent liabilities
 - d) None of these

- 7) Disclosure of Accounting policies will cover _____.
- a) Any changes in Accounting policies compared to earlier years
 - b) Unchanged Accounting policies as compared to earlier years
 - c) Those Accounting policies which are as prescribed and followed
 - d) None of the above
- 8) Under CARO, the auditors report should include report about maintenance of proper records relating to
- a) Fixed assets
 - b) Fixed Assets & investments
 - c) Fixed assets, investments & Inventories
 - d) Fixed Assets & Inventory.

- Q.3** Explain the aspects to be covered in Audit of Share Capital (including rights and bonus issue) of a Company during the financial year under Audit?
- Q.4** Explain the various aspects to be checked by the Auditor of a Hotel in the course of audit of its Restaurant income, Income from Gymkhana and Pool side on hire earned during the year
- Q.5** Explain the various aspects for Audit documentation as per of S.A. 230 that an Auditor should consider and how should he go about the same (Including the aspect of other explanatory material).
- Q.6** What different aspects should the auditor examine / go through as per S.A. 210. in relation to an Audit engagement that he has just accepted?
- Q.7** What are the various aspects of Internal Control that the Auditor has to examine and what different reports he has to give in respect thereof in the case of a Company under the Companies Act?
- Q.8** a) Explain the various aspects of audit of the following entities
i) Club ii) Hospital
- Q.9** Write short notes on **(any two)**
- 1) Aspects to be considered as per S.A. 610. in relying on the work of the Internal Auditor
 - 2) Requirements of S.A. 505 as to External confirmations in the case of a company's Audit
 - 3) Applicability of Companies (Auditor's Report) Order
 - 4) Objective and scope of audit of Financial statements
