

M.COM [PART - II]
:- ACCOUNTS GROUP :-
ADVANCED AUDITING
(PAPER- IV) (DEC- 2018)

Time: 3 hours

Marks: 100

N.B.:

1. Question no.s **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 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.

I (A) The following is the account of M/s Acebox in the books of Top Ten Ltd. :

2018	Particulars	Rs.	2018	Particulars	Rs.
5/4	To Bank	4,50,000	1/4	By Bal. b/fd.	5,00,000
5/4	“ Discount earned	50,000	12/4	“ Purchases	10,00,000
12/4	“ Ace box (Advance) a/c.	4,00,000	20/4	“ Purchases	12,00,000
19/4	“ Bank	5,40,000	30/4	By Purchases	15,00,000
19/4	“ Discount earned	60,000			
20/4	“ Ace box (Advance) a/c.	5,00,000			
30/4	“ Bank	7,00,000			
	“ Ace box (Advance) a/c.	5,00,000			
	“ Bal. c/fd.	10,00,000			
		42,00,000			42,00,000

Scrutinise and Interpret the aforesaid account

(12 marks)

I (B) As the Statutory Auditor state how would you deal with / respond to / comment on the following situations:

1. Being a Government Auditor, as a justification for higher than quotation value been agreed upon to by the Government, it has been explained and proved with evidence that the deal was for a much upgraded, more equipped and higher facilitated product than that quoted
2. Being a Government Auditor, you have evidence that Commission was paid for a Government contract, for which Contract the Parliament had prohibited payment of any such commission .

(8 marks)

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

A	B
<ul style="list-style-type: none"> • Insurance Company 	<ul style="list-style-type: none"> • Form A.R.A.
<ul style="list-style-type: none"> • Banking Company's Balance Sheet 	<ul style="list-style-type: none"> • Grant-in-aid
<ul style="list-style-type: none"> • Partnership firm with turnover exceeding 	<ul style="list-style-type: none"> • Charging of Visiting Doctors' fees to

Rs. 1 Crore	patients
• Hospital Audit	• Partnership Deed
• Private Co. with Turnover / Loans liabilities exceeding prescribed limits	• Form A
• Life Insurance Co.'s Revenue account	• Companies (Auditor's Report) Order applicable
• Audit of a Educational Institution	• Form B
• Audit of a Trust	• Exempt from Companies (Auditor's Report) Order
	• Tax-Audit under section 44AB
	• Trust Deed

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

1. Audit wherein a deal's justification is also checked is _____ audit (Propriety / Performance / Efficiency);
2. A Banking Company's Profit & Loss account has to be in _____ (Form A / Form B / none of these);
3. General Insurance Company's Balance Sheet has to be in _____ (Form B.P.L. / B.B.S / none of these);
4. The wisdom of Directors' decisions are checked in _____ audit (Propriety / Performance / Efficiency);
5. Life Insurance Company's Profit & Loss account has to be in _____ Form (A.P.L. / B.P.L. / none of these);
6. Companies (Auditor's Report) Order _____ apply to Manufacturing Companies (does / does not / may);
7. Government Audit is conducted by the _____ (C. & A.G. / G. & A.G. / B. & A.G.);
8. Companies (Auditor's Report) Order _____ apply to Banking Companies (does / does not / may not).

III Discuss the Companies excluded from the applicability of C.A.R.O.

IV Explain the various matters to be taken care of in the audit of the expenditure incurred by a Club.

V Explain the various aspects to be checked by the Auditor of a Hotel in the course of audit of its different types of Revenues earned.

VI As an auditor of an Insurance Company, state the procedure you would adopt to verify:

- (i) Insurance premium earned;
- (ii) Claims' expense

VII Explain the requirements of S.A. 610 with examples of relying on the Internal Auditor's work.

VIII What are the various aspects / requirements that the auditor should examine / go through / ensure as per S.A. 210 in relation to an Audit engagement ?

IX Write short notes on (any two):

1. Audit of non-corporate bodies for availing benefits under any statute;
2. Requirements for Internal Control under C.A.R.O.;
3. Audit of a Hospital;
4. Objective and scope of Audit as per S.A. 200A

