

**M.COM [PART-II]**  
**-: ACCOUNTS GROUP :-**  
**ADVANCED AUDITING**  
**(PAPER - IV) (JAN-2020)**

Q.P. Code : 29166

[Time: 3 Hours]

[ Marks:100]

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 nos) to from part of the solutions & necessary assumptions to the made & stated clearly.

**Q.1 (A)** The following is an A/C of Mr. Vishwanath in Balaji's ledger. You are required to make an Audit scrutiny of the same. **(12)**

**Balaji's Ledger**  
**Vishwanth's Account (LF No 22)**

<b>DR</b>				<b>CR</b>			
DATE	PARTICULARS	JF	AMOUNT (Rs.)	DATE	PARTICULARS	JF	AMOUNT (Rs.)
<b>2017 Nov</b>				<b>2017 Nov</b>			
1 <sup>st</sup>	To Balance b/fd		1,00,000	2 <sup>nd</sup>	By Cash a/c		50,000
7 <sup>th</sup>	To Bank a/c		50,000	2 <sup>nd</sup>	By Bank a/c		50,000
7 <sup>th</sup>	To Bank charges		1,000	13 <sup>th</sup>	By Sales Return a/c		10,000
9 <sup>th</sup>	To Sales a/c		1,00,000	16 <sup>th</sup>	By Cash a/c		51,000
19 <sup>th</sup>	To Sales a/c		2,00,000	21 <sup>st</sup>	By Bank a/c		90,000
				28 <sup>th</sup>	By Bank		1,00,000
				29 <sup>th</sup>	By Cash a/c		50,000
				30 <sup>th</sup>	By Balance c/fd		50,000
	<b>Total</b>		<b>4,51,000</b>		<b>Total</b>		<b>4,51,000</b>

**(B)** As an Auditor, state in total detail (including your reporting) how would you deal with / respond to/ comment in the following situations. **(08)**

- a) Mr. Raju is a proprietor carrying on a business of Trading. During the year ended 31.03.2017, his turnover was Rs 2,00,00,000 of which cash sales were Rs. 65,00,000. Mr. Raju contemplates that the audit of his financial statements is not mandatory for him. He appoints you as his consultant. Kindly advise him.
- b) You are the auditor of Kukreja Infrastratme Ltd. The company has recognised its income from dividend during the current financial year on accrual basis. The dividend was declared at the Annual General Meeting held after the said financial year. Advise the company.

Q.2 a) Match the items from Column A with Column B on an Overall most appropriate basis. (08)

Column A	Column B
1) Internal Auditor	1. Accounts of all customers
2) Appointment of First Statutory Auditor	2. Audit Compulsory under Income Tax Act 1961
3) Reappointment of Statutory Auditor	3. Trust Deed/Society constitution
4) Tax Audit	4. Accounts of all suppliers
5) Purchase Ledger	5. Reports to the shareholders
6) Audit of an Educational Institution	6. By the shareholders in A.G.M.
7) S. A. dealing with Audit planning	7. By the Management in Board Meeting
8) Audit Programme	8. Reports to the Management
	9. S. A. 300
	10. Nature, timing and extent of Audit Procedure

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

- 1) \_\_\_\_\_ is an inherent aspect in Audit of Government Entities.  
(Propriety Audit/ Companies Act Audit/ None of these)
- 2) In a Bank Audit, the Auditor will have to check compulsory transfer to the \_\_\_\_\_.  
( Statutory Reserve / Government / Capital Reserve)
- 3) Audit of Bank is an example of \_\_\_\_\_  
a) Statutory Audit b) Balance sheet Audit c) Both a & b d) neither a nor b
- 4) Accounting Standard 9 is \_\_\_\_\_  
a) No longer valid b) optional c) Recommendatory d) Mandatory
- 5) Continuous Audit is \_\_\_\_\_  
a) Audit at Regular intervals  
b) Audit taken up after end of accounting year.  
c) Audit conducted once in several years.  
d) None of these
- 6) Premium on issue of shares shall be recognised as income \_\_\_\_\_  
a) When received  
b) When due  
c) When received or due whichever is earlier  
d) When received or due whichever is later
- 7) Audit programme is prepared by \_\_\_\_\_  
a) The client b) The client and the auditor c) The auditor & his assistants  
d) The Chief accountant
- 8) "Scope" of Audit under S. A. 200A refers to the \_\_\_\_\_  
a) auditors' scope of work b) directors' scope of work  
c) Partners' scope of questions d) employees' scope to ask questions

- Q.3** A) Explain in brief the provisions of S. A. 230 in respect of Audit documentation.  
B) Explain the Auditors Responsibilities relating to frauds in the Audit of Financial Statements as per S.A. 240.
- Q.4** a) Explain the requirement on Auditing in respect of S.A. 500 with reference to Audit evidence.  
b) Explain the requirements in respect of documentation Under S.A. 230.
- Q.5** Explain the Auditor's duties in respect of:  
a) Bonus Shares  
b) Forfeiture & Reissue of shares  
c) Redemption of Preference shares  
d) Buy Back of shares
- Q.6** State the matters to be included in C.A.R.O. report in respect of  
a) Fixed Assets b) Inventory c) Public Deposits d) Internal Audit System
- Q.7** a) Briefly discuss the salient features of a Insurance Audit.  
b) Explain the important aspects in respect of Government Audit.
- Q.8** a) Explain the provision of S.A. 610 in relation to Auditors responsibility regarding to the work of Internal Auditor.  
b) Distinguish between Internal Audit and Statutory Audit.
- Q.9** Write short notes on (**any two**):  
1) Audit of an Educational Institution  
2) Tax Audit  
3) Audit of Hotel  
4) Difference between Qualified Report, Adverse Report and Disclaimer of Opinion

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