

Audit

Audit-2014

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QP Code : 05285

(2 ½ Hours)

[Total Marks : 75]

- N.B. :** (1) All questions are compulsory.
(2) Figures to the **right** indicate **full** marks.

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1. (a) Select the appropriate answer and rewrite the sentence :-
- (1) Working papers are the property of the _____
(a) Client (b) Auditor
(c) ICAI (d) Shareholders
- (2) Internal auditor is appointed by _____
(a) Institute of Internal Auditors of India. (b) Shareholders
(c) Statutory Auditor (d) Management.
- (3) The term audit is derived from the Latin word _____
(a) Audire (b) Author
(c) Authentic (d) Aspire
- (4) LFAR is mandatory for _____
(a) Limited companies (b) Insurance companies.
(c) Banking companies (d) Non profit organization.
- (5) Section _____, of Income Tax Act provides for compulsory Tax Audit.
(a) 44 AD (b) 44 AB 5>
(c) 44 AC (d) 44AD~~C~~
- (6) Misfeasance is a _____ liability in the Companies Act 1956.
(a) Civil (b) Criminal
(c) Constitutional (d) Corporate.
- (7) _____ is the act of cheking title, possession and valuation of assets.
(a) Vouching (b) Verification
(c) Sampling (d) Segmentation

Audit-14-2

QP Code : 05285

(8) _____ audit is an examination of an individuals or companies financial information for use as evidence in court.

- (a) Financial
- (b) Fictitious
- (c) Forensic
- (d) Feasibility.

1. (b) State whether following statements are True or False :-

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- (1) Cost audit is compulsory for all companies.
- (2) Audit programme should be rigid.
- (3) Management audit is also called Efficiency Audit.
- (4) Power of an auditor includes the right to receive notice of AGM.
- (5) Private companies are excluded in calculation of ceiling on number of audits of an auditor.
- (6) A Chartered accountant can advertise in newspapers to solicit professional assignments.
- (7) Clause 49 of the listing agreement of the stock exchange provides for raising standards of corporate governance of listed companies.

(2) (a) Discuss the meaning and objectives of company audit.

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(b) Explain the procedure of vouching for cash sales of a company.

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OR

(c) Explain internal audit and its objectives.

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(d) What are the auditor's duties regarding verification of assets.

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(3) (a) Briefly explain the provisions relating to appointment of company auditor.

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(b) Discuss the different types of audit reports.

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OR

(c) Explain the qualification and disqualifications of a company auditor.

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(d) Explain the provisions of Companies Act regarding maintenance of books of accounts.

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4) (a) How would an auditor evaluate internal control system of a bank.

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(b) Explain the procedure to verify premium income of an insurance company.

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OR

(c) How would an auditor verify share capital and reserves and surplus of a bank.

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(d) Explain the procedure to verify claims of general insurance companies.

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5) (a) Explain the role of professional accountants in society

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(b) Explain the functions and significance of audit committees.

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OR

(c) What is professional misconduct according to chartered accountants act 1949?

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Give two instances of misconduct.

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(d) What is social audit? What are its objectives?