

Roll No.....

Total No. of Questions – 7

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Time Allowed – 3 Hours

Maximum Marks – 100

**Q-PEE-Audit-1**

Answers to questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi medium, his/her answers in Hindi will not be valued.

**Question No.1 is compulsory**

Candidates are also required to answer any five questions from the remaining six questions.

|   |   | <b>Marks</b> |
|---|---|--------------|
| 1 | (a) Write short notes on Audit versus Investigation.  | 5            |
|   | (b) In auditing, the auditor checks the specific assertions of the items appearing in the financial statements and opines about the overall assertions they signify. Explain specific assertions and overall assertions in this context.  | 5            |
|   | (c) As an Auditor, comment on the Bhart Ltd. is engaged in manufacturing and supply of gear boxes to Indian Automobile Ltd. As per terms of supply, full price of the goods are not released by Indian Automobile Ltd. but 10% thereof is retained and paid after one year, if there is satisfactory performance of the parts supplied. Bhart Ltd. accounts for only 90% of the invoice value as sale at the time of supply and balance 10% is accounted as sale in the year of receipt of payment. | 5            |
|   | (d) Explain the various types of companies under Companies (Auditor's Report) Order, 2003 (CARO).   | 5            |
| 2 | (a) What are accounting estimates according to the Standards on Auditing 540? Give examples.  | 8            |
|   | (b) While conducting the audit of accounts of a manufacturing company, you discover that the rate of Gross Profit on Sales has sharply decreased in comparison to the previous year. State the steps you would take to satisfy yourself.  | 8            |
| 3 | (a) What are the focus points in doing propriety audits by C &AG as regards government Expenditure?   | 8            |
|   | (b) "The interest of a director in a transaction, entered into by the company has not been disclosed in the records maintained by the company". Comment.  | 8            |
| 4 | (a) What are CAATS? Why are CAAT required in computerized information system (CIS) environment?   | 8            |
|   | (b) Write short note on - Cut-off arrangement.  | 4            |

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|---|---|
| (c) Explain the difference between Depreciation and Fluctuation in Value.   | 4 |
|   |   |
| 5 (a) At the AGM of P2R Ltd., Mr X was appointed as the statutory auditor. He, however, resigned after 3 months since he wanted to give up practice and join industry. State, how the new auditor will be appointed by P2R Ltd. | 6 |
|   |   |
| (b) What are the special considerations in an audit of a Limited Company?   | 6 |
|   |   |
| (c) Write a short note on- Performance Audit.   | 4 |
|   |   |
| 6 (a) State the matters which the statutory Auditor should look into before framing opinion on accounts on finalisation of audit of accounts? Discuss over all audit approach.  | 8 |
|   |   |
| (b) Describe the salient features of Financial Administration of Local Bodies.  | 4 |
|   |   |
| (c) Comment on the “The cash-book showed a huge cash balance on hand consistently throughout the year”.   | 4 |
|   |   |
| 7 Answer Any four of the following.   |   |
|   |   |
| (a) How will you verify/vouch the Purchase return?  | 4 |
|   |   |
| (b) Explain the advantages of "Audit Working Papers".   | 4 |
|   |   |
| (c) Briefly explain Management Representation.  | 4 |
|   |   |
| (d) Mention any eight special points which you as an auditor would look into while auditing the books of a partnership firm.  | 4 |
|   |   |
| (e) What are the inherent limitations of Internal Control system?   | 4 |

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