

**M.COM [PART - II]**

**:- ACCOUNTS GROUP :-**

**ADVANCED AUDITING**

**(PAPER- IV) (JUNE - 2019)**

[Time: 3 Hours]

[ Marks:100]

Check whether you have got the right question paper.

- N.B:
1. Question Nos. 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 (duly approximated where required) unless indicated to the contrary to their extreme right.
  4. Working / references to statue, standard etc. (not necessary with reference nos.) to form part of the solutions and necessary assumptions to be made & stated clearly.

Q.1 A)

**In the books of BALAJI MACHINERY MART**

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<b>MACHINERY ACCOUNT</b>							
<b>Dr.</b>				<b>Cr.</b>			
Date	Particulars	F/ N	Amount (Rs.)	Date	Particulars	F/ N	Amount (Rs.)
1-4-2015	To Bank A/c		80,000	31-3-2016	By Depreciation A/c		20,000
1-4-2015	To Cash (carriage)		10,000	31-3-2016	By Depreciation A/c		2,500
1-4-2015	To cash (installation charges)		10,000	31-3-2016	By Balance c/d		1,27,500
1-1-2016	To Royal Machinery Mart A/c		50,000				
	<b>TOTAL RUPEES</b>		<b>1,50,000</b>		<b>TOTAL RUPEES</b>		<b>1,50,000</b>
1-4-2016	To Balance b/d		1,27,500	31-3-2017	By Depreciation A/c		30,000
				31-3-2017	By Balance c/d		97,500
	<b>TOTAL RUPEES</b>		<b>1,27,500</b>		<b>TOTAL RUPEES</b>		<b>1,27,500</b>
1-4-2017	To Balance b/d		97,500	31-3-2018	By Bank A/c		30,000
31-3-2018	To Profit and Loss A/c		2,500	31-3-2018	By Depreciation A/c		10,000
				31-3-2018	By Depreciation A/c		20,000
					By Balance c/d		40,000
	<b>TOTAL RUPEES</b>		<b>1,00,000</b>		<b>TOTAL RUPEES</b>		<b>1,00,000</b>
<b>1-4-2018</b>	<b>To Balance b/d</b>		<b>40,000</b>				

Q.1 B) As an auditor, how would you deal with/comment/react on the following situations?

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- i) A project intended to be sold treated as fixed asset.
- ii) Incentive received from the State Government treated a Capital Subsidy.
- iii) Detection of fraud committed by Managing Director (M.D) involving loss to a company during the course of continuous audit and the same was fully compensated by the M.D. to the company soon thereafter and before the close of the year.
- iv) A company has shown in its Balance Sheet a cash balance of Rs. 5,00,000 as against the normal cash balance of Rs. 50,000 throughout the year. It was observed that the said amount of Rs. 5,00,000 was withdrawn in the last week and the balance has been continuously maintained till the date of audit. It was also observed that cash is withdrawn from the bank during this period for various cash expenses of petty nature.

**OR**

Q.1 B) As an Auditor, how would you proceed with verification & valuation of

- a) Fixed Assets
- b) Investments.

Q.2 A) Match the columns:

Column A	Column B
1) Bill / Invoice	a) Cash Sales
2) Cash Memo	b) Credit Sales
3) Statutory Auditor	c) Reports to Management
4) Calls in Advance	d) No dividend
5) Internal Auditor	e) Reports to Shareholders
6) CARO 2003	f) Interest payable by company to shareholders
7) Cost Audit	g) Regulated by companies Act 2013
8) Propriety Audit	h) Applies to all companies including a foreign company.
	i) Compulsory for caustic soda manufacturing co. & tyre & tube co.
	j) Accounts of all customer

Q.2 B) Rewrite the following sentences by choosing the correct alternative:

- In case of Educational Institutions all the provisions affecting the accounts are given in \_\_\_\_\_.
  - Memo randum of Association
  - Articles of Association
  - Trust Deed
  - Partnership Deed
- Patents and Trademarks A/c are \_\_\_\_\_.
  - Fixed Tangible Assets
  - Fictitious A/c
  - Fixed Intangible Assets
  - Current Assets
- Arrears of fixed cumulative preference dividends are required to be shown under \_\_\_\_\_ in the balance sheet of a company.
  - Current liabilities
  - Share capital
  - Contingent liabilities
  - Fixed Assets
- Audit at regular intervals is known as \_\_\_\_\_.
  - Fixed Audit
  - Cost Audit
  - Continuous Audit
  - Interim Audit
- Which of the following does not appear as an Asset.
  - Goodwill
  - Investments
  - Arrears of preference dividend
  - Bill Receivable
- \_\_\_\_\_ is basically responsible for prevention and detection of errors & fraud.
  - Cashier
  - Management
  - Auditor
  - Accountant
- \_\_\_\_\_ Audit is an inherent aspect in the Audit of Government Entities.
  - Statutory
  - Internal
  - Propriety
  - Government
- The Annual General meeting has to be conducted by \_\_\_\_\_.
  - Proprietary concern
  - Partnership
  - Company
  - None of the above

- Q.3 A) Explain in brief the provisions of SA 300 in respect of Planning and Audit of Financial Statements?  
B) Explain the provisions of SA 220 in respect of Quality Control for an Audit of Financial statement?
- Q.4 A) Explain the requirements of Auditing in respect of SA 501 with respect to Audit Evidence of Selected items?  
B) Explain the requirements in respect of overall objectives of an independent Auditor & conduct of Audit in Accordance with standards on Auditing with respect to SA 200.
- Q.5 **Explain the Auditors duties in respect of:**  
A) Share transfer Audit under the Companies Act 2013.  
B) Buy Back of shares.  
C) Payment of Dividend.  
D) Fraud in an Audit of Financial Statements.
- Q.6 Explain any ten points to be covered in the companies (Auditor's Report) order 2003 [CARO-2003]
- Q.7 A) Briefly discuss the salient features of Bank Audit?  
B) Explain the important aspects in respect of Audit of Educational Institution?
- Q.8 Explain the provisions of S.A. 610 in relation to Auditor's responsibilities regarding the work of Internal Auditors?
- Q.9 **Write short notes on (Any Two)**  
1) Audit of Insurance Company  
2) Tax Audit  
3) Company Audit  
4) Government Audit

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