

Q.P. Code: 23324**[Time: 2½ Hours]****[Marks: 75]**

Please check whether you have got the right question paper.

- N.B:
1. Question no 1 is compulsory.
 2. Question no 2, 3, 4, & 5 is compulsory with internal choice.
 3. Figures to the right indicate marks.

Q1 A) Rewrite the statement and state whether True or False. (Attempt any 8) (8)

- 1) Auditing around the computer" is most appropriate when the client has not maintained detailed output or source documents in a form readable by humans.
- 2) "The use of computer facilities by a small enterprises may increase the control risk"
- 3) Output controls focus on detecting errors after processing is completed rather than preventing errors prior to processing.
- 4) A client imposed scope limitation will generally result in disclaimer of opinion.
- 5) If financial statement contains a material departure from the generally accepted accounting principles, the auditor s usually should not issue an unqualified opinion.
- 6) An interior decorator will be subject to tax audit only if his gross receipts exceed 10 lakhs.
- 7) A chartered accountant who s in employment of a concern cannot be appointed as tax auditor.
- 8) An auditor gives a qualified report when the accounts are reflecting true and fair view.
- 9) A practicing CA is allowed to promote the work done by him.
- 10) An auditor has to sign the auditors report.

Q1 B) Multiple choice question. (Any 7) (7)

- 1) The auditor of a company shall have a right of access to the books of accounts _____.
 - a) after the year end
 - b) 3 months after the year end.
 - c) 3 months before AGM
 - d) at all times.
- ii) When the auditor is not provided the information required by him, he should report this _____.
 - a) to the Central Government
 - b) to the Registrar of Companies
 - c) to the Institute of CA of India
 - d) to the members.
- iii) Misfeasance means _____.
 - a) Fraud
 - b) Misstatement
 - c) Breach of trust or duty
 - d) Negligence

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- iv) For the purpose of tax audit Firm acting is considered as _____.
 a) profession b) business
 c) both d) none
- v) The expression 'Management Consultancy and Other Services "shall not include _____.
 a) Financial management n planning and financial policy determination
 b) System analysis and design
 c) Working capital management
 d) Acting as liquidator
- vi) A person is debarred from having his name entered in or borne on the Register of Members, if _____.
 a) if he has not attained the age of 21 at the time of applying for registering his name
 b) He is of unsound mind and stands so adjusted by a competent court
 c) If he is an undischarged insolvent
 d) any of the above
- vii) A control that relates to all parts of the IT system is called a or an _____.
 a) General control b) Systems control
 c) Universal control d) Application control
- viii) Auditors should evaluate the _____ before evaluating application controls because of the potential for pervasive effects.
 a) Input controls b) Control environment
 c) Processing controls d) General controls
- ix) The auditors has the right to _____.
 a) Obtain information and explanations
 b) Obtain information and explanations from the employees and officers
 c) Obtain information and explanation necessary for the purpose of audit
 d) Both (b) and (c)
- x) Where a company has a branch office in India or outside India, proper books of accounts relating to the transactions effected at the branch office should be kept _____.
 a) the branch office b) the registered office
 c) both the branch and registered office d) the head office.

Q2 a) Give the meaning of "Professional Misconduct "as per Chartered Accountants Act 1949. Also state any five clauses which constitute professional misconduct. **(8)**

Q2 b) Explain the problems in CIS environment in implementation of Internal control. **(7)**

OR

Q2 p) Explain auditing done around the computers and auditing through the computers. **(8)**

Q2 q) What do you mean by CARO Reporting, what matters should be included in the report with inventories and fixed assets under CARO 2013 by an auditor. **(7)**

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Q3 a) What is report? Explain the different types of report that an auditor prepares. (15)

OR

Q3 p) What is Tax Audit Report in form No 3 CD and how does an auditor give his opinion with regards to the same? (8)

Q3 q) What do you mean by "Misfeasance ".When can an auditor be held liable for Misfeasance? (7)

Q4 a) While qualifying a report what things must be kept in mind by the auditor. State few reasons for qualifying a report. (8)

Q4 b) Give the features of effective Computerized Audit Program and give its advantages. (7)

OR

Q4 p) What are the duties of an auditor? (8)

Q4 q) Explain the provisions of Companies Act, 2013 regarding Branch audit. (7)

Q5 a) Explain in detail the provision of the Income Tax Act, 1961 u/s 44 AB regarding compulsory tax audit. (8)

Q5 b) Distinguish between Computer based system of accounting and Conventional accounting system (7)

OR

Q5 p) Write short notes (any3) (15)

- 1) Audit Trail
- 2) Test Pack
- 3) Joint Auditors
- 4) Tax Auditors
- 5) Negligence