

Auditing

Con. 4136-09.

(2 Hours)

GM-2486

[Total Marks : 60

N.B. : All questions are compulsory.

1. Comment on the following with reference to the Chartered Accountants Act, 1949 as amended by the Chartered Accountants (Amendment) Act, 2006 and schedules thereto:
 - (a) A Practicing Chartered Accountant who also has a law degree and a MBA from a foreign University uses a visiting card in which he designates himself as FCA along with his other degrees. Comment. 4
 - (b) Will Mr. M, a Chartered Accountant in full time practice be allowed to enter into a partnership with Mrs. D an advocate and they agree to share fees for work sent by one to the other ? Will your answer change if both of them get together to sell insurance policies ? 4
 - (c) Mr. P, a Chartered Accountant in full time practice since the past 15 years entered into a partnership with Mr. L to sell mobile phones. Will Mr. P be allowed to do so ? Will your answer change if Mr. P is in part time practice or is in practice for less than 5 years ? 4
 - (d) WCP & Co, a firm of Chartered Accountants, accepted an assignment for statutory audit, without any prior communication with the previous auditor. 3

OR

Briefly discuss :-

- (a) Verification of Re-insurance Business of an Insurance Company. 5
 - (b) Role of SEBI with regards to listed companies. 5
 - (c) How do the provisions of the Companies Act ensure independence of an auditor ? 5
2. (a) Audit Committees play a crucial role in corporate governance. Justify with reasons. 8

OR

 - (a) An Auditor can not comment on the truth and correctness of accounts audited by him but can comment upon their true and fairness – Explain. 8
 - (b) What is Cost Audit, Internal Audit and Interim Audit ? 7

OR

 - (b) Draft a detailed Audit Plan for Verification of Claims paid and payables by an Insurance Company. 7
3. (a) When does an Auditor issue a Qualified Audit Report and how is it different than a no opinion report ? 8

OR

 - (a) Draft a detailed Audit Plan for Verification of the Advances portfolio in banks. 8
 - (b) Who can appoint Auditor under Companies Act, 1956 and under what circumstances? 7

OR

 - (b) What are the qualifications, disqualifications, rights and duties of a statutory auditor of a company ? 7
4. Write short notes on any **three** of the following :- 5 marks each
 - (a) Long Form Audit Reports in banks
 - (b) Verification of agents commission paid by an Insurance Company
 - (c) Generally accepted Auditing Practices
 - (d) Importance of Management Representation Letter