

Roll No.

Total No. of Printed Pages – 7

Total No. of Questions – 6

Maximum Marks – 70

GENERAL INSTRUCTIONS TO CANDIDATES

1. The question paper comprises two parts, Part I and Part II.
2. Part I comprises Multiple Choice Questions (MCQs).
3. Part II comprises questions which require descriptive type answers.
4. Ensure that you receive the question paper relating to both the parts. If you have not received both, bring it to the notice of the invigilator.
5. Answers to Questions in Part I are to be marked on the OMR answer sheet only. Answers to questions in Part II are to be written on the descriptive type answer book. Answers to MCQs, if written in the descriptive type answer book, will not be evaluated.
6. OMR answer sheet will be in English only for all candidates, including for Hindi medium candidates.
7. The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive type answer book. No bar code sticker is to be affixed on the OMR answer sheet.
8. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
9. Duration of the examination is 3 hours. You will be required to submit (a) Part I of the question paper containing MCQs, (b) OMR answer sheet thereon and (c) the answer book in respect of descriptive type answer book to the invigilator before leaving the exam hall, after the conclusion of the exam.
10. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the above-mentioned items.
11. Candidate found copying or receiving or giving any help or defying instructions of the invigilators will be expelled from the examination and will also be liable for further punitive action.

PART – II

70 marks

1. Question paper comprises 6 questions. Answer Question No. 1 which is compulsory and any 4 out of the remaining 5 questions.
2. Answers to the 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 evaluated.

(2)

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PART – II

1. Answer the following :

- (a) Audit planning is necessary to conduct an effective audit in an efficient and timely manner for which purpose formulating an audit programme becomes an essential part of audit plan. Study and evaluation of system of Internal control and accounting procedures are important part of it. As an auditor, discuss the features of examination of the system of Internal control. **5**
- (b) Smart Ltd is a manufacturing unit and you are External Auditors of the company. Internal auditors are also appointed as per the provisions of the Companies Act, 2013. As External auditors you want to use the Internal auditors to provide direct assistance for the purposes of audit. State the circumstances where the internal auditors cannot be used to provide direct assistance. What would you include in the audit documentation ? **5**
- (c) During the course of audit of a Limited company, the statutory auditors collected written representations from the Management. The audit was finalized in addition to other audit procedures but, without making any inquiries, as the statutory auditors were short of time. In the light of this information, state the importance of inquiry as one of the methods of collecting Audit Evidence. **4**

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(3)

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2. Answer the following :

- (a) When the computer information systems are significant the auditor should assess whether it may influence the assessment of inherent and control risks. Discuss the factors, as an auditor, you would consider while evaluating the reliability of the accounting and internal control systems in CIS Environment. **5**
- (b) You are doing audit of unlisted public limited company, Perfect Limited. As per National Financial Reporting Authority Rules, 2018, NFRA has power to monitor and enforce compliance with accounting standards and auditing standards, oversee the quality of service under sub-section (2) of section 132 or undertake investigation under sub-section (4) of such section, of the auditors. Discuss about the class of companies and bodies corporate, where NFRA is applicable. **5**
- (c) You have been appointed as a statutory auditor of ABC Ltd; a listed company. As an auditor, state the points to be considered by you in verification of approval of remuneration to directors of ABC Ltd. under Regulation 17(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. **4**

3. Answer the following :

- (a) M/s XYZ & Co. is an Audit Firm having partners Mr. X, Mr. Y and Mr. Z, Chartered Accountants. Mr. X, Mr. Y and Mr. Z are holding appointment as Auditors in 5, 5 and 10 companies respectively. **5**
- (i) Provide the maximum number of Audits remaining in the name of XYZ & Co.

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(ii) Provide the maximum number of Audits remaining in the name of individual partner i.e. Mr. X, Mr. Y and Mr. Z.

(iii) Can XYZ & Co. accept the appointment as an auditor in 60 private companies having paid-up share capital less than 100 crore, 2 small companies and 2 dormant companies ?

(iv) Would your answer be different, if out of those 60 private companies, only 15 companies are having paid-up share capital of less than ₹ 100 crore each ?

Discuss with reference to ceiling on number of audits as per Companies Act, 2013.

(b) M/s PQR and Associates, Chartered Accountants are the auditors of Excellent General Insurance Company Limited. The company has paid various insurance claims during the financial year ending 31st March, 2020. Enumerate the aspects to be examined by an auditor in respect of claims paid during the year. 5

(c) A company has appointed a practicing Chartered Accountant as independent director on its board. The said company publishes description about the Chartered Accountant's expertise, specialization and knowledge in any particular field or add appellations or adjectives to his name in the prospectus or public announcements issued by this company. Whether the said publication will be covered under code of ethics ? What should be the role of the Chartered Accountant in this regard ? 4

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4. Answer the following :

(a) As an auditor of a partnership firm under section 44 AB of the Income Tax Act, 1961, how would you report on the following : 3+2
=5

(i) M/s. WAR wants to purchase a new machine which is available for ₹ 45,000, if purchased on 45 days' credit and for ₹ 40,000, if purchased by cash. The machine is purchased by paying cash on 01/08/2019 and depreciation on it charged to profit and loss account is ₹ 6000.

(ii) Technical support is received from Mr. DND, a non-resident for installation of a new machinery. He has raised invoice dated 01/05/2019 in USD equivalent to ₹ 5,00,000. The entire dues are cleared through appropriate banking channel on 25/06/2019.

(b) Assumptions are integral components of accounting estimates. State the matters that the auditor may consider in obtaining an understanding of the assumptions underlying the accounting estimates with reference to relevant SAs. 5

(c) There were certain complaints from the members of ABC Cooperative Society, a multi-state cooperative society that the affairs of the society are not managed in a prudent way. State the power of Central Government to order Special Audit in such cases. 4

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(6)

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5. Answer the following :

- (a) The adjustments required for preparation of consolidated financial statements are made in memorandum records kept for the purpose, by the Parent. The auditor should review the memorandum records to verify the adjustment entries made in the preparation of consolidated financial statements. Elucidate the other points, apart from reviewing the memorandum records, the auditor should verify while consolidation of adjustments for current period. 5
- (b) R and Associates, a firm of chartered accountants, is appointed as auditor of NBFC. During the audit, audit team come across various observations / exceptions and Mr. A, a junior member of audit team, due to his limited understanding about exceptions which are required to be reported in the audit report, would like to understand in detail, the obligations on the part of an auditor in respect of exceptions in the audit report so that he can conclude his work. Discuss. 5
- (c) CA B, is appointed to carry out internal audit of Stock brokers, AKA Finstock Ltd., listed with NSE. CA B started his work and submitted his first monthly report. CA Z, a partner of AZA & Co., statutory auditors of AKA Finstock Ltd., during his first visit got to see the internal audit report of CA B. CA Z feels that since CA B did not inform about his appointment as an internal auditor to AZA & Co., this is violation of professional ethics. Comment with reference to the Chartered Accountants Act, 1949 and Schedules thereto. 4

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6. Answer the following :

- (a) Somi-Kraft Paper Ltd. is a Public Limited company. There is a proper system of Operational Audit in the company. You as an advisor to the company have suggested desirability of Management Audit. Management is of the strong opinion that there is no difference between management audit and Operational Audit. Elaborate. **5**
- (b) Planning an audit involves establishing the overall audit strategy for the engagement and developing an audit plan. Adequate planning benefits the audit of financial statements in several ways. Briefly discuss the usefulness of careful and adequate audit planning. **5**
- (c) In GSTR 9, details of outward and inward supplies declared during the financial year have to be given. Discuss the details required in GSTR 9. **4**

OR

M/s. AWE & Co, Chartered Accountants were appointed as Auditors of WOW Ltd. for the F.Y. 2019-20. Since they declined to accept the appointment, the Board of Directors appointed M/s GDC & Co; a CA firm as the auditor in the place of M/s. AWE & Co. This was accepted by M/s GDC & Co. Discuss this with reference to Chartered Accountants Act, 1949 and Companies Act, 2013. **4**

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