

Time: 2Hrs. 30 Mins.

Total Marks:75

Instructions: (a) All questions are compulsory subject to internal choice.

(b) Figure to the right indicates marks.

**Q.1a) Select the most appropriate option to complete the following sentences (Any Eight) 08**

- i) LFAR is \_\_\_\_\_  
(a substitute for statutory audit report; not a substitute for statutory audit report;  
Voluntary report; none of these.)
- ii) AS – 9 deals with \_\_\_\_\_  
(Revenue Recognition; Inventory Control; Cash Flow Statements; Accounting for Investments)
- iii) Audit certificate refers to \_\_\_\_\_ of certain facts.  
(Opinion; Confirmation ; Preparation ; Marking )
- iv) Every insurer carrying on General Insurance business should create a \_\_\_\_\_ reserve to meet  
future potential liability.  
(Catastrophe; General; Claim; Premium)
- v) \_\_\_\_\_ is one of the problems in CIS environment in implementation of internal control.  
(High speed; reduced human errors; Delegation of authority & responsibility; requirement of less  
number of assistants)
- vi) \_\_\_\_\_ is an audit of forecasting system followed in organisation.  
(Environment audit; Forensic Audit; Forecast Audit; System Audit)
- vii) In Marine Insurance business, reserve for unexpired risk is \_\_\_\_\_ % of the net premium.  
(25%; 50% ; 75% ; 100%)
- viii) IRDA regulates \_\_\_\_\_ sector in India.  
(Banking; Auditing; Accounting; Insurance)
- ix) There should be effective screening done at the time of credit cards \_\_\_\_\_.  
(cancellation; issue; payment; termination)
- x) Depreciation is to be charged on the basis of \_\_\_\_\_ of an asset.  
(useful life; sale value; scrap value; replacement)

**Q.1b) State whether the following statements are True or False (Any Seven) 07**

- i. Company can pay dividends without providing full depreciation.
- ii. Operational audit is performed when there is legal case related to financial matters of the organisation.
- iii. As per Companies Act, 2013 special resolution is necessary for removal of the auditor.
- iv. Actuarial services can be provided by the statutory auditor.
- v. Qualified report is alternatively known as clean report.
- vi. Auditor of State Bank of India is appointed by shareholders.
- vii. The term surrender is used only in case of fire insurance
- viii. Annual Report and Auditor's Report are same.
- ix. Related Party Disclosures are compulsory.
- x. Auditor is liable only if there is a loss to the party.

- Q.2a) Write in detail about segment reporting. **08**
- Q.2b) What are the elements of auditor's report? **07**
- OR**
- Q.2c) Explain the appointment procedure in case of following. **15**
- i) First auditor ii) Casual vacancy iii) First auditor in government company
- Q.3a) How would the auditor vouch/ verify the following items appearing in the financial statements of a bank? **08**
- i) Interest accrued ii) Fixed Assets
- Q.3b) Explain the classification and provisions of Non-Performing Assets of the banking company. **07**
- OR**
- Q.3c) How would the auditor vouch/ verify the following items appearing in the financial statements of an insurance company? **08**
- i) Investments ii) Commissions
- Q.3d) How would an auditor evaluate internal control system of the insurance company? **07**
- Q.4a) What do you mean by Management Audit? Explain its scope and objectives. **08**
- Q.4b) What is computerised audit programme? Explain the features of effective computer audit program? **07**
- OR**
- Q.4c) Write a note on Environment Audit. **08**
- Q.4d) Discuss the approaches for audit in CIS environment. **07**
- Q.5a) Discuss the various instances of professional misconduct indicated in Part II and Part III of First Schedule of Chartered Accountant Act 1949. **08**
- Q.5b) Explain the term 'Professional Ethics' and 'Professional Misconduct'. **07**
- OR**
- Q.5c) Write short notes on: **(any three)** **15**
- (i) Representation by management
- (ii) Duties of company auditor.
- (iii) Qualification of company auditor.
- (iv) Operational Audit
- (v) AS – 3