

Time: 2Hrs. 30 Mins.

Total Marks:75

**Note (1) All questions are compulsory subject to internal choice.****(2) Figures to right indicate full marks.****Q.1a) Select the most appropriate option to complete the following sentences (Any Eight) (08)**

- i. Part III of first schedule of Chartered Accountant Act deals with professional misconduct in relation to \_\_\_\_\_.  
a) Members in service    b) members in practice    c) members generally    d) other misconduct
- ii. There are \_\_\_\_\_ schedules in the Chartered Accountant Act about professional misconduct.  
a) two    b) three    c) four    d) five
- iii. The provision against unexpired risk should be \_\_\_\_\_ of net premium in case of fire insurance business.  
a) 100%    b) 75%    c) 50%    d) 25%
- iv. Forensic audit is used to investigate \_\_\_\_\_.  
a) Environment performance    b) social contribution    c) suspected fraud    d) Audit committee
- v. \_\_\_\_\_ is a tool to judge organisations performance and effectiveness of Personnel Management.  
a) Cost Audit    b) Human Resource Audit    c) Operation Audit    d) Social Audit
- vi. LFAR is \_\_\_\_\_.  
a) A substitute for statutory audit report    b) not a part of statutory audit report  
c) voluntary audit report    d) a part of statutory report
- vii. Auditor of State Bank of India is appointed by \_\_\_\_\_.  
a) Comptroller and Auditor General of India    b) Board of directors  
c) IRDA    d) Shareholders
- viii. Bank Loans are to be granted only after verifying \_\_\_\_\_ of the borrower.  
a) Credit worthiness    b) Social Influence    c) Social Status    d) Profession
- ix. The audit report should be signed by \_\_\_\_\_.  
a) Auditor himself    b) auditor and audit staff    c) management    d) shareholders
- x. Books of accounts should be preserved for at least \_\_\_\_\_ years.  
a) three years    b) five years    c) six years    d) eight years

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

- i. Related party disclosures are not compulsory.
- ii. Divisible profits can be computed without providing the depreciation.
- iii. A chartered accountant cannot share his fees with a non-member.
- iv. Remuneration of statutory auditor is determined by the previous auditor.
- v. Representations from management can protect the auditor from his liability due to negligence.
- vi. A company can appoint or reappoint an auditor for one term of five years.
- vii. Statutory auditor can give accounting services to the company.
- viii. In banks, cash should be counted physically at the end of the year.
- ix. Qualified report is alternatively known as clean report.
- x. A person, not holding certificate of practice is allowed to practice on behalf of chartered accountant.



- Q.2 a) What are the rights of company auditor? 08  
Q.2 b) Explain the provisions regarding maintenance of books of accounts. 07

OR

- Q.2 c) Explain the liabilities of a Chartered Accountant under Income Tax Act, 1961. 08  
Q.2 d) Discuss the different types of audit reports. 07

- Q.3 a) How would the auditor verify the following items appearing in the financial statements of a bank? 08  
i) Advances ii) Premises

- Q.3 b) What is LFAR? What are its contents? 07

OR

- Q.3 c) How would the auditor verify the following items appearing in the financial statements of an Insurance Company. 08  
i) Coinsurance ii) Expenses of management

- Q.3 d) How should be the internal control system in an insurance company? 07

- Q.4 a) Explain Cost Audit in detail. 08

- Q.4 b) Explain Black Box approach and White Box approach in audit under CIS environment. 07

OR

- Q.4 c) What is Internal Control System under CIS Environment? Elaborate internal controls under computerised system. 08

- Q.4 d) What is Green Audit? Explain its features and benefits. 07

- Q.5 a) What do you mean by professional misconduct? Discuss any six instances of professional misconduct indicated in Part I of first schedule of Chartered Accountant Act 1949. 08

- Q.5. b) Explain the role of professional accountant in society with reference to the code of ethics. 07

OR

- Q.5. c) Write Short Notes on: (any three) 15

1. Qualification of company auditor
2. Operational Audit
3. AS-17
4. Joint audit
5. Non-Performing Asset

\*\*\*\*\*