

Eastern University, Sri Lanka  
Faculty of Commerce and Management

Third Year Second Semester Examination in Bachelor of Commerce/ Bachelor  
of Commerce (Specialization in Accounting and Finance) 2010/2011

(June 2013)

(Proper/Repeat)

DAF 3062 Advanced Auditing

Answer all questions

Time: Two Hours

01. (a) (i) Explain four (4) duties of an internal auditor.  
(04 Marks)
- (ii) State four (4) similarities and differences between the Internal and External Audit.  
(04 Marks)
- (b) What are the matters that the external auditor considers in preliminary assessment of internal audit functions?  
(06 Marks)
- (c) Auditor should review the corporate governance statement before it is published. What are the items to be reviewed by the auditor in corporate governance statement?  
(06 Marks)
- (d) State the contents of corporate governance code.  
(05 Marks)
- (Total 25 Marks)

02. (a) Explain how the audit planning helps in performing an audit engagement.

(06 Marks)

(b) What are the matters relevant when developing an overall audit strategy?

(06 Marks)

(c) State the factors needed to be considered in selecting sample of debtors to circularize.

(05 Marks)

(d) Explain the positive and negative methods of circularization of debtors.

(08 Marks)

(Total 25 Marks)

03. (a) Explain the following types of audit opinion and state each situation in which their opinions are expressed:

(i) Unqualified Opinion

(ii) Disclaimer Opinion

(iii) Adverse Opinion

(03x03 = 09 Marks)

(b) In order to comply with statutory requirement of the Companies Act N.7 of 2007, what are the matters auditor should include in his report?

(04 Marks)

(c) Explain the procedure involved in the verification of the following items shown in the balance sheet:

(i) Fixed Assets

(ii) Long Term Liabilities

(02x03 = 06 Marks)



- (d) Write short notes on the following:
- (i) Committee On Public Accounts (COPA)
  - (ii) Financial Reporting Framework
  - (iii) Scope of Audit

**(02x03 = 06 Marks)**

**(Total 25 Marks)**

04. (a) The Companies Act No. 7 of 2007 contains provisions relating to audit of Limited Liability Companies. State the provisions the Companies Act relating to:

- (i) The qualification and disqualification to being an auditor of a company
- (ii) Replacement of an auditor
- (iii) Information Accessibility

**(02x03 = 06 Marks)**

(b) The Finance Act No. 38 of 1971 contains provisions relating to audit of Public Corporations.

(I) State the provisions of Finance Act relating to:

- (i) The Auditor of Public Corporations
- (ii) The rights of the Auditor of Public Corporations

(II) State two (2) areas that an auditor generally examine in an audit of Public Corporations

**(02x03 = 06 Marks)**

(c) Sri Lanka Accounting and Auditing Standard Act No.15 of 1995 contains provisions relating to Accounting and Audit of Specified Business Enterprises. State the followings:

- (i) Criteria to become a Specialized Business Enterprise
- (ii) Duties of Specified Business Enterprises
- (iii) Duties of Auditors

**(02x03 = 06 Marks)**

(d) State provisions given in the Constitution of Sri Lanka with regard to audit of government ministers and departments including duties and powers of the Auditor General.

**(07 Marks)**

**(Total 25 Marks)**