

(c) (i) State briefly the importance of good corporate governance to the companies

(04 Marks)

(ii) What are the items to be reviewed by the auditors in the corporate governance statement

(04 Marks)

(d) State contents of corporate governance code

(04 Marks)

(e) What are the quality control procedures that should be implemented for the individual audit

(04 Marks)

Total 25 Marks

03. (a) Briefly discuss the duties and power of the Auditor General of Sri Lanka as mentioned in the constitution of Sri Lanka

(05 Marks)

(b) Write short notes on the following:

- (i) Committee on Public Accounts (COPA)
- (ii) Surcharge power of the Auditor General
- (iii) Reporting the non compliance

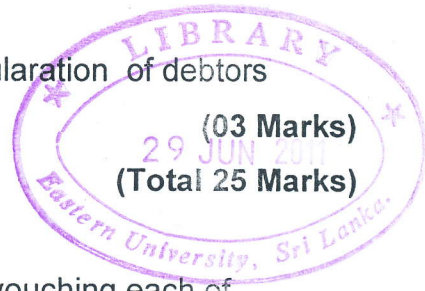
(03 X 03 = 09 Marks)

(c) State how you would verify the following items appearing in the accounts of a limited liability company

- (i) Bank overdraft
- (ii) Free hold land acquired during the year
- (iii) Motor vehicle
- (iv) Plant and machinery

(04 X 02 = 08 Marks)

(d) Explain the positive and negative methods of circularation of debtors



(03 Marks)

(Total 25 Marks)

04. (a) List three (03) important points to be noted when vouching each of following:

- (i) Interest receivable on fixed deposits
- (ii) Loans to employees
- (iii) Cost of machines imported and installed in newly constructed a factory

(03 X 02 = 06 Marks)

(b) How you would verify the stock in trade when you attend a stock count in a trading organization.

(08 Marks)

(c) Explain the following types of විගණන කොටස audit opinion and state each situation in which these opinions are expressed

- (i) Unqualified opinion.
- (ii) Disclaimer of opinion.
- (iii) Adverse opinion,

(03 X 02 = 06 Marks)

(d) State legal provisions relating to Sri Lanka Auditing Standards.

(05 Marks)

(Total 25 Marks)



Answer All Questions

Time: 03 Hours

01. (a) "Auditor is to be independent to the client or Auditee"  
How the independence of the auditor is ensured by the companies Act No. 7 of 2007  
(03 Marks)
- (b) Explain the statutory requirements of an auditor in terms of companies Act No 7 of 2007 relating the following:
- (i) First Auditor and Subsequent Auditor
  - (ii) Filling a vacancy
  - (iii) Auditors fees and expense
  - (iv) Qualification to be an auditor of limited liability companies
  - (v) Replacement of an auditor
  - (vi) information accessibility
- (06 X 03 = 18 Marks)
- (c) "The auditor of a company shall make a report to the Shareholders on the financial statements audited by him"  
State what are the matters to be included in the auditor report on the financial statements of a company  
(04 Marks)
- (Total 25 Marks)
02. (a) State four (04) types of specified business enterprises in terms of Sri Lanka Accounting and Auditing Standard Act No.15 of 1995  
(04 Marks)
- (b) State the role and functions of the Audit committees  
(05 Marks)