

12 FEB 2018
EASTERN UNIVERSITY, SRI LANKA

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FACULTY OF COMMERCE AND MANAGEMENT
SECOND YEAR FIRST SEMESTER EXAMINATION IN
BACHELOR OF BUSINESS ADMINISTRATION / BACHELOR OF COMMERCE – 2015/2016
(PROPER/REPEAT) (OCTOBER/ NOVEMBER 2017)
DAF 2032 – AUDITING AND TAXATION (AUDITING PART)

Answer all Questions

Time Allowed: 01 Hour

01. a) Briefly discuss the objectives of an audit of financial statements. **(06 Marks)**
- b) State differences between auditing and assurance service. **(05 Marks)**
- c) Explain ethical requirements or fundamental principles of professional ethics relevant to the auditor when conduct an audit on Financial Statements. **(05 Marks)**
- d) List three (03) benefits of assurance engagements. **(03 Marks)**
- e) Explain the major elements of assurance service. **(03 Marks)**
- f) State objectives of the internal audit function. **(04 Marks)**
- g) State Four (04) differences between internal and external audit. **(04 marks)**
- h) What are the matters that external auditors consider in using of specific work of Internal auditors? **(04 Marks)**
- i) Define the following terms.
- (a) Internal Audit Function
 - (b) Internal Auditors
 - (c) Fraud
 - (d) Accountability
 - (e) Financial Statements **(05 x 02 = 10 Marks)**
- j) Briefly explain the techniques used for Fraudulent Financial Reporting. **(06 Marks)**

[Total: 50 Marks]

02. **SLAus 210** (Agreeing the terms of engagement) state that "The Auditor and client agree on the terms of engagement".

- a) State purpose of Engagement Letter. **(06 Marks)**
- b) List Five (05) matters that could be included in an engagement letter. **(10 Marks)**
- c) State three (03) primary objectives of audit documentation as mentioned in **SLAus 230. (06 Marks)**
- d) What are the factors affect form and content of audit working papers. **(10 Marks)**
- e) Briefly explain the permanent audit file and current audit file. **(08 Marks)**
- f) State basic elements of auditors report as mentioned in **SLAus 700. (10 Marks)**

[Total: 50 Marks]