

Eastern University, Sri Lanka

Faculty of Commerce and Management

Third Year Second Semester Examination in Bachelor of Commerce (B.Com)/

B.Com (Specialization in Accounting and Finance)/ B.Com (Specialization in

Business Economics) - 2015/2016 (July/August 2018)

(Proper/Repeat)

DAF 3062 Advanced Auditing

Answer All Questions

Time: 02 Hours

- (a) Sri Lanka Accounting and Auditing Standard Act No. 15 of 1995 contain provisions relating to Auditing and Audit of Specified Business Enterprises. State the following.
- (i) Three types of specified business enterprises. (06 Marks)
- (ii) Duties of specified business enterprises. (05 Marks)
- (iii) Duties of the Auditor of the specified business enterprises. (05 Marks)
- (b) The Finance Act. No. 38 of 1971 contains provisions relating to audit of Public Corporations, Statutory Boards and Authorities.
- (i) State the provisions of Finance Act relating to the auditor of Public Corporation (05 Marks)
- (ii) Rights of the Auditor of Public Corporations (08 Marks)

- (iii) State three (03) areas generally examines in the audit of Public Corporations by the auditor.

(06 Marks)

- (c) The companies Act No. 7 of 2007 contain provisions relating to audit of limited liability companies. State the provision of companies Act relating to

- (i) The appointment of first auditors
- (ii) The disqualification of being an auditor of a company
- (iii) Replacement of an auditor
- (iv) Information accessibility
- (v) Right of the Auditor

(05 X 03 = 15 Marks)

(Total 50 Marks)

02. (a) State five interrelated components of internal control as described by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)

(10 Marks)

- (b) Briefly explain the elements of control environment and control activities.

(06 Marks)

- (c) State four kinds of segregation of duties relating to system of internal control.

(04 Marks)

(Total 20 Marks)

(a) Explain the following types of audit opinion and state situation in which each of these opinion are expressed.

- Unqualified opinion
- Disclaimer opinion.

**(04 X 02 = 08 Marks)**

(b) Write short notes on the following

- (i) Committee on Public Accounts COPA.
- (ii) Accounting and Auditing Standard Monitoring Board.

**(04 X 02 = 08 Marks)**

(c) Explain the procedures involved in the verification of the following items shown in the statement of financial position of the company.

- Motor vehicle
- Long terms loan

**(07 X 02 = 14 Marks)**

**(Total 30 Marks)**