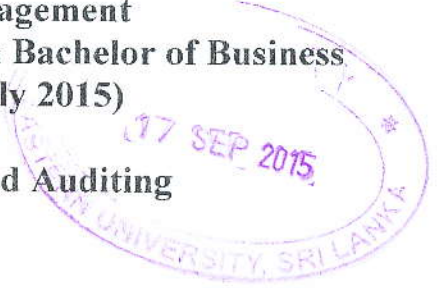


Eastern University, Sri Lanka
Faculty of Commerce and Management
Third Year Second Semester Examination in Bachelor of Business
Administration 2012 / 2013 (July 2015)
(Proper / Repeat)
MGT 3053 Advanced Taxation and Auditing
(Auditing Part)



Answer all questions

Time : 01 ½ Hours

01. The Finance Act No. 38 of 1971 contains provisions relating to audit of Public Corporations, Statutory Boards and Authorities
- (a) State the provisions of Finance Act relating to
- i) the auditor of Public Corporation **(02 Marks)**
 - ii) rights of the Auditor of Public Corporations. **(04 Marks)**
 - iii) state three (03) areas generally examines in the audit of Public Corporations by the auditor **(06 Marks)**
- (b) Sri Lanka Accounting and Auditing Standard Act No. 15 of 1995 contains provisions relating to Accounting and Audit of Specified Business Enterprises. State the following.
- i) Four types of specified business enterprises. **(04 Marks)**
 - ii) Duties of specified business enterprises. **(06 Marks)**
 - iii) Duties of Auditors of specified business enterprises. **(06 Marks)**
- (c) i) How adequate planning of audit work facilitates to perform audit an effective manner. **(06 Marks)**

ii) What are the two main activities involved in planning an audit. (04 Marks)

iii) As per SLAUS 240 two types of intentional misstatements are relevant to the auditor such as misstatements resulting from fraudulent financial reporting and misstatements from misappropriation of assets. Give three examples for

- Misstatements resulting from fraudulent financial statements.
- Misstatements resulting from misappropriation of assets.

(06 Marks)

(d) What do you understand by the term vouching / expenditure audit and state its objectives.

(06 Marks)

(Total 50 Marks)

02.

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

- i) Land and building
- ii) Plant and machinery
- iii) Debtors

(18 Marks)

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

- Unqualified opinion
- Disclaimer opinion

(12 Marks)

(c) In what situations an auditors report is considered to be modified.

(04 Marks)

(d) Write short notes on the following.

- i) Committee on Public Accounts COPA
- ii) Accounting and Auditing Standard Monitoring Board
- iii) Fraud risk factors

(09 Marks)

- (e) Briefly discuss powers and duties of the Auditor General of Sri Lanka as mentioned in the constitution of Sri Lanka.

(07 Marks)
(Total 50 Marks)