

EASTERN UNIVERSITY, SRI LANKA

FACULTY OF COMMERCE AND MANAGEMENT

Second Year / First Semester Examination in Business Administration / Commerce

2008/2009 (April / May 2010) (Proper / Repeat)

DAF 2212 INTRODUCTION TO AUDITING

Answer All Questions

Time: 02 hours

01. (a) State the General Principles governing an audit of financial statement of an entity in accordance with Sri Lanka Auditing Standards

(06 Marks)

(b) State 04 duties of an Internal Auditor

(04 Marks)

(c) State similarities and differences between Internal Audit and External Audit

(06 Marks)

(d) What is meant by "Document"?

(03 Marks)

(e) What are the contents of Permanent Audit File and Current Audit File?

(06 Marks)

(Total 25 Marks)

02. (a) What are the principle contents of an Audit Engagement Letter?

(05 Marks)

(b) Give objectives of Planning for Performing an Audit

(04 Marks)

(c) Enumerate the items to be taken into consideration in developing an Overall Audit Plan.

(06 Marks)

(d) Explain briefly what is meant by Audit Programme

(05 Marks)

(e) What is meant by "Vouching" / "Expenditure"?

(05 Marks)

(Total 25 Marks)

03. (a) What do you understand by "Internal Control System"? **(05 Marks)**
- (b) What do you understand by "Audit Risk"? Explain (03) components of Audit Risk. **(05 Marks)**
- (c) State purposes of Analytical Review Procedures **(05 Marks)**
- (d) List four (04) types of Audit Evidence generally used by the auditor **(04 Marks)**
- (e) Explain the difference methods involved in obtaining Audit Evidence **(06 Marks)**
- (Total 25 Marks)**

04. (a) State the basic elements of an Auditor's Report as mentioned in the Sri Lanka Auditing standards. **(06 Marks)**
- (b) Write short notes on the following:
- (i) Analytical Review Procedures
 - (ii) Adverse Opinion
 - (iii) Sri Lanka Accounting and Auditing Standards Act No.15 of 1995
 - (iv) Fraud and Error
- (04X03=12 Marks)**
- (c) In what situations an Auditor's Report is considered to be modified? **(03 Marks)**
- (d) Explain the following types of Audit Opinion:
- (i) Unqualified Opinion
 - (ii) Disclaimer Opinion
- (04 Marks)**
- (Total 25 Marks)**