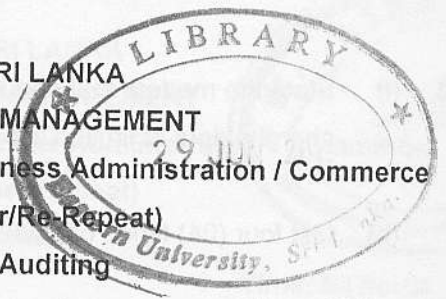


EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT

Second Year / First Semester Examination in Business Administration / Commerce
2009/2010 (June 2011) (Proper/Re-Repeat)

DAF 2212 Introduction to Auditing



Answer All Questions

Time: 02 hours

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01. (i) Define assurance engagement and attestation by giving examples
(05 Marks)
- (ii) Explain the major elements of the assurance service.
(05 Marks)
- (iii) State benefits of an assurance engagement and limitations of assurance service.
(05 Marks)
- (iv) Discuss briefly the objectives of an audit of financial statements.
(05 Marks)
- (v) State the General Principles governing an audit of financial statement.
(Total 25 Marks)
02. (1) (a) Discuss the objectives of an audit engagement letter.
(b) State principal contents of engagement letter.
(05 Marks)
- (ii) List four (04) duties of an internal auditor
(05 Marks)
- (iii) State similarities and differences between internal auditor and external auditor
(05 Marks)
- (iv) State three (03) primary objectives of maintaining audit working papers.
(03 Marks)
- (v) Differentiate the terms fraud and error.
(07 Marks)
- (Total 25 Marks)

03. (i) State the matters that should be included in the auditor's report to the shareholders of limited liability companies. (05 Marks)
- (ii) List four (04) types of evidence used by the auditor. (05 Marks)
- (iii) State four (04) factors that would be considered in determining the reliability of audit evidence. (05 Marks)
- (iv) Explain the procedure for obtaining audit evidence. (06 Marks)
- (v) State short notes on the following
- (a) Scope of Audit.
 - (b) Audit Risk.
- (02 x 02 = 04 Marks)
(Total 25 Marks)

04. (i) State the basis elements of an auditor's report as mentioned in the SLAUS 700. (05 Marks)
- (ii) In what situations an auditor's report considered to be modified. (05 Marks)
- (iii) Explain the following types of audit opinion and state each situation in which these opinions are expressed.
- (a) Unqualified opinion.
 - (b) Disclaimer of opinion.
 - (c) Adverse opinion.
- (03X05=15 Marks)
(Total 25 Marks)