

EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT

Special Examination in Bachelor of Business Administration / Commerce - 2009/2010

(Feb/March 2011)

(Proper/Special Repeat)

DAF 2212 Introduction to Auditing



Answer All Questions

Time: 02 Hours

- (a) (i) Discuss briefly the objectives of an audit of financial statement. (03 Marks)
- (ii) What are the factors determining scope of an audit. (02 Marks)
- (b) What are the ethical principles or general principles governing the auditors' professional responsibilities? (05 Marks)
- (c) Explain the term "Fraud and Error". (05 Marks)
- (d) Who are the persons qualified to audit the following organizations and state the legal instruments which make an audit binding on these organizations?
- (i) Govt. Ministries and Departments.
 - (ii) Govt. corporations, statutory boards and state banks
 - (iii) Public Limited Liability Companies.
 - (iv) Private Limited Liability Companies.
 - (v) Partnerships, sole traders and other organizations.

(10 Marks)

(Total 25 marks)

02. (a) List four (04) objectives of working papers.

(04)

(b) (i) What is meant by "Documentation"?

(02)

(ii) Who prepares working papers?

(03)

(c) State six types of information and documents generally included in the working papers.

(06)

(d) What are the factors affecting the form and content of working papers.

(05)

(e) What are the advantages of adequate audit planning?

(05)

(Total 25 Marks)

03. (a) What are the Principal content of an audit engagement letter?

(05)

(b) Discuss how an audit engagement letter is useful for an effective and smooth completion of audit

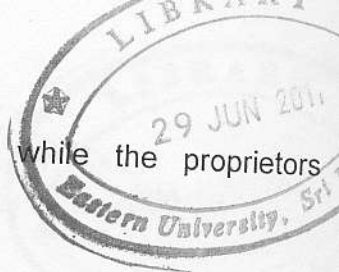
(05)

(c) (i) Explain briefly what is meant by audit programme

(03)

(ii) Give three (03) advantages and three (03) disadvantage of audit programme

(03)



- (d) An internal audit is established by a management while the proprietors shareholders arrange for an external audit.
You are required to list
- (i) Three main differences and
 - (ii) Three main similarities between Internal and External Audit

(06 Marks)

(03 Marks)

(Total 25 Marks)

- (a) (i) Briefly explain what is an audit evidence (02 Marks)
(ii) Explain the procedure for obtaining audit evidence (03 Marks)

- (b) State the basic elements of an audit for report as mentioned in the SLAus 26 (05 Marks)

- (c) (i) What are the purposes of the Sri Lanka Auditing standards (03 Marks)

- (ii) State legal provision relating to the Sri Lanka Auditing standards (02 Marks)

- State purposes of analytical review procedure (03 Marks)

- (i) Under which circumstances an audit for could expires unqualified opinion in the audit report (04 Marks)

- (ii) State three (03) categories of persons who are not eligible to be appointed as auditing a limited liability company

(03 Marks)

(Total 25 Marks)