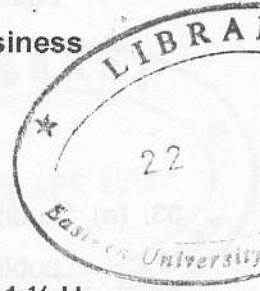


Eastern University, Sri Lanka
Faculty of Commerce and Management
Third Year Second Semester Examination in Bachelor of Business
Administration 2009/2010 (January / February 2012)
(Proper)
MGT 3053 Advanced Taxation and Auditing
(Auditing Part)



Answer all questions

Time: 1 ½ Hours

01. (a) Under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 state the following:
- (i) Criteria to become specified business enterprises
 - (ii) Duties of Directors, Managers, Secretaries and other Officials of specified.
 - (iii) Duties of Auditors.
- (b) State basic elements of an Auditor's report as mentioned in SLAUS 700.
- (c) State five (05) matters to be expressively stated in the Auditor's report in accordance with the provisions of the companies Act No. 7 of 2007.

(20 Marks)

02. (a) "Control environment is the overall attitude, awareness and actions of directors and managers regarding internal controls and their importance in the entity" Explain the aspects of control environment.
- (b) What are the quality control procedures that should be applied to the individual audit?

- (c) State various sources available to the auditors to obtain knowledge of business

(20 Marks)

03. (a) "Auditors should review the corporate governance statement before it is published." What are the aspects to be reviewed by the auditors in corporate governance statement?

- (b) What are the auditors' duties with regard to Law and Regulations outlined in SLAUS- 250 Consideration of Law and Regulations in an audit of Financial Statement?

- (c) State the role and functions of the audit committees.

(20 Marks)

04. (a) List the four procedures involved in the verification of each of following:

- (i) Fixed assets
- (ii) Long term liabilities
- (iii) Share capital

- (b) Briefly describe the audit procedure you would carry out at the time of stock verification emphasizing the audit assertion.

- (c) State how verification differs from vouching

(20 Marks)

05. (a) Explain the statutory requirements of an auditor in terms of Companies Act No. 07 of 2007 in relation to the following:

- (a) First Auditor and subsequent Auditor.
- (b) Filling vacancy of an auditor.
- (c) Auditor's fees and expenses.
- (d) Disqualification
- (e) Replacement of an auditor



(b) Briefly discuss powers and duties of the Auditor General of Sri Lanka

(20 Marks)