

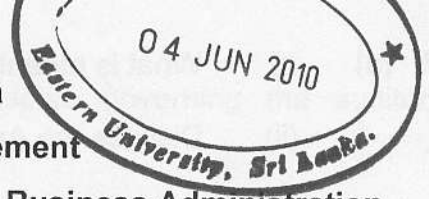
Eastern University, Sri Lanka

Faculty of Commerce and Management

Special Repeat Examination for Final year students in Business Administration

/Commerce- 2003/2004(Feb / March2010)

DAF 2212 Introduction to Auditing



Answer All Questions

Time: 02 Hours

(a) Explain the ethical principals of independence, objectivity and confidentiality by giving an example of non observance of principles.

(04 Marks)

(b) Explain the statutory requirements of an auditor appointed in terms of the companies Act No. 07 of 2007, relating the following:

- (i) Appointment
- (ii) Remuneration
- (iii) Right and duties
- (iv) Removal

(08 Marks)

(c) What do you understand by internal control system?

(03 Marks)

(d) List five (05) duties of an internal auditor.

(05 Marks)

(e) State five (05) specified businesses that lie within the meaning of specified business enterprises stipulated in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

(05 Marks)

(Total 25 Marks)

2. (a) (i) What is meant by Audit Planning?
(ii) Discuss the Auditor's responsibility in the prevention and detection of fraud.
(06 Mark)
- (b) Enumerate the items to be taken into consideration in developing an overall audit plan.
(05 Mark)
- (c) List three (03) advantages and disadvantages of using an audit programme.
(03 Mark)
- (d) Give an instance of modifying an auditors report without affecting the audit opinion.
Explain your answer giving an example.
(04 Mark)
- (e) Explain the meaning of "Limitation of Scope" and disagreement with management in relation to an audit opinion give an example for each situation.
(04 Mark)
- (Total 25 Mark)
3. (a) 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.
- (05 Mark)
- (b) (i) Discuss briefly the objectives of an audit of financial statement.
(ii) What are the factors determining scope of an audit.
(05 Mark)

(c) What are the ethical principles or general principles governing the auditors' professional responsibilities?

(05 Marks)

(d) Explain the term fraud and error.

(05 Marks)

(e) State conditions and events which increase the risk of fraud and error.

(05 Marks)

(Total 25 Marks)

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

(04 Marks)

(b) (i) What is meant by documentation?

(02 Marks)

(ii) Who prepares working papers?

(03 Marks)

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

(06 Marks)

(ii) What are the factors that determine an extent of working papers?

(02 Marks)

(d) Discuss confidentiality, safe custody, retention and ownership of working papers.

(03 Marks)

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

(05 Marks)

(Total 25 Marks)