

Q. No.	Hello CA Final Students, I know after spending time on PE / SAs / CO Audit / CARO very less time is generally left for remaining miscellaneous chapters, so we were thinking how to help students, in the process we came up with idea, we compiled all questions from miscellaneous chapters from past 5 RTPs in 13 pages, you must be aware of many of these questions so do it from your regular notes / books in other cases you can refer RTP directly we have given page numbers. We wish & pray for your success. ALL THE BEST!!!	Answer (Pg. No.)	Chapter. Name
<b>May-15 RTP</b>			
Q-5	<p>MW&amp;F Associates has been appointed as an auditor of a Multinational Company TTS Ltd. The company is working in a CIS environment. You are a member of the audit team of MW&amp;F Associates. The partner in charge of MW&amp;F Associates wants you to train your audit team member about use of Computer Assisted Auditing Techniques (CAATs). You are required to:</p> <p><b>(a)</b> Explain the factors that a statutory auditor has to consider, in determining, whether to use Computer Assisted Auditing Techniques (CAATs).</p> <p><b>(b)</b> Indicate the control procedures which the auditor should adopt in applying CAAT (Computer Assisted Audit Technique) in an audit under CIS environment.</p>	<p><b>(a) 106</b></p> <p><b>(b) 106</b></p>	<b>Audit under CIS Environment</b>
Q-10	<p><b>(a)</b> (i) Briefly explain the term 'Corporate Governance'.  (ii) You are required to elucidate the functions of the Audit Committee as per section 177 of the Companies Act, 2013.</p> <p><b>(b)</b> Disgust Limited, a company incorporated in India has six members in its Audit Committee. Due to recessionary conditions in India the revenue of the company is going down and there is slowdown in other activities of the company. Therefore, it was expected that there would not be significant work for members of the Audit Committee. Considering the overall recession in the company and the economy, the members of the Committee decided unanimously to meet only once at the year end. They reviewed monthly information system of the Company and found no errors. As an auditor of Disgust Limited would you consider the decision taken by the Audit Committee to hold the meeting once in a year, is complying with the (SEBI) LODR 2015? Also state the quorum requirements for such meetings.</p>	<p><b>(a) 118</b></p> <p><b>(b) 120</b></p>	<b>Audit Committee &amp; Corporate Governance</b>
Q-11	<p>H Ltd. owns 55% voting power in S Ltd. It however holds and discloses all the shares as "Stock-in-trade" in its accounts. The shares are held exclusively with a view to their subsequent disposal in the near future. H Ltd. represents that while preparing Consolidated Financial Statements, S Ltd. can be excluded from the consolidation. As a Statutory Auditor, how would you deal?</p>	<b>121</b>	<b>Audit of Consolidated Financial Statements</b>
Q-12	<p><b>(a)</b> You have been appointed as an auditor of Universal Bank, a nationalized bank. Universal Bank majorly deals in providing credit card facilities to its account holder. The bank is aware of the fact that there should be strict control over storage and issue of credit cards. How will you evaluate the Internal Control system in the area of Credit Card operations of a Bank?</p> <p><b>(b)</b> Ordinary Insurance Ltd. has made a provision of 25% on unexpired risks reserve in its books. Comment.</p>	<p><b>(a) 122</b></p> <p><b>(b) 122</b></p>	<b>Audit of Banking Company &amp; General Insurance Company</b>
Q-13	<p><b>(a)</b> An auditor has been appointed for the audit of a loan financing company, registered as an NBFC. You are required to state special points to be kept in mind while auditing such company.</p>	<b>(a) 123</b>	<b>Audit of Non-Banking</b>

	<p><b>(b)</b> You are the auditor of IJK Ltd., an NBFC registered with RBI. How would you proceed to ensure the compliance of Prudential Norms directions by it?</p>	<b>(b) 124</b>	<b>Financial Companies</b>
<b>Q-14</b>	<p>As a tax auditor, how would you report on the following situations?</p> <p><b>(a)</b> Mr. Bhupesh, is a renowned criminal lawyer, practicing in Meerut. During the previous year, he collected service tax of ` 25 lakhs but utilized it for his personal use. The Commissioner of Central Excise issued a show cause notice to him as to why the tax, collected by him, is not deposited to the government account. He appeared before the Commissioner and stated his inability to pay the sum due to financial crisis. The proceedings are still pending before the Commissioner. Mr. Bhupesh instructed his tax auditor not to disclose his service tax registration details, while filling particulars to be furnished in Form No. 3CD, believing that the income tax department might trace his scrutiny proceedings details pending before Commissioner of Central Excise which would bring disrepute to his profession.</p> <p><b>(b)</b> BB Ltd., a non-resident company, is engaged in the business of extraction of mineral oils, having turnover of ` 20 lakhs during the financial year 2013-14. The company claims that its profits and gains chargeable to tax under the head "Profits and gains of business or profession" is lower than the deemed income chargeable under section 44BB of the Income Tax Act, 1961. Therefore, it decided to get its accounts audited under section 44AB of the Income tax Act, 1961.</p> <p><b>(c)</b> M/s. N.S. Enterprises, a manufacturing concern, sold a house property in Mumbai for a consideration of ` 48 lakh, to Mr. Gunaj on 1.8.2014. M/s. N. S. Enterprises had purchased the house property in the year 2012 for ` 40 lakh. The stamp duty value on the date of transfer, i.e., 1.8.2014, is ` 85 lakh for the house property.</p> <p><b>(d)</b> SL Pvt. Ltd. is a company engaged in the production of wool. Along with its production business, the company is also engaged in buying and selling of securities with the expectation of a favorable price change. It reports the following data for the current financial year:</p> <p>S. No. Particulars Amount (in `)</p> <p>1 Paid up Share Capital 100 lakhs</p> <p>2 Capital Reserve 33 lakhs</p> <p>3 Capital Redemption Reserve 45 lakhs</p> <p>4 Revaluation Reserve 32 lakhs</p> <p>5 Speculation Loss on account of Purchase and Sales of Securities 12 lakhs</p> <p><b>(e)</b> Saurabh International Ltd. (SIL) was engaged in providing certain services on which it did not pay any service tax. As per SIL, said services were not liable to service tax. However, Department issued a show cause notice to SIL demanding service tax along with interest worth ` 5,45,000 on the same and such demand was also confirmed. An appeal was filed to the Commissioner of Central Excise (Appeals) which passed an order which upheld the demand on SIL? SIL, being aggrieved by the order of the Commissioner of Central Excise (Appeals), decided to file an appeal</p>	<p><b>(a) 124</b></p> <p><b>(b) 125</b></p> <p><b>(c) 126</b></p> <p><b>(d) 127</b></p> <p><b>(e) 128</b></p>	<b>Audit under Fiscal Laws</b>

	to the CESTAT against such order. SIL has also requested the tax auditor not to report as those services were not liable for service tax and it has also filed an appeal for the same.		
<b>Q-15</b>	<p><b>(a)</b> PS Ltd., a foreign company, having place of business in Delhi, is engaged in the production, trading, import and export of orthopedic implants and pacemaker (temporary and permanent, both). The company's revenue from export is usually in foreign currency. Its total revenue classification for the current financial year is provided below:          Intra-state Sale ` 140 lakhs          Inter-state Sale ` 155 lakhs          Export to US ` 490 lakhs          Export to UK ` 690 lakhs          Total Revenue ` 1475 lakhs</p> <p>The management of the company is of the opinion that the company is not required to maintain cost records in their books of accounts. Consequently, there is no need to appoint cost auditor and conduct cost audit.</p> <p>You are required to:</p> <p>(i) Guide the management of the company with regard to maintenance of cost records and its audit.          (ii) Explain the manner of maintaining cost records briefly.</p> <p><b>(b)</b> Elucidate the provisions relating to submission of Cost Audit Report - to the Board and the Central Government as per the Companies Act, 2013.</p>	<b>(a) 128</b>	<b>Cost Audit</b>
<b>Q-17</b>	<p><b>(a)</b> WWF Ltd. is a public company having ` 40 lacs paid up capital in previous financial year which raised to ` 60 lacs in current financial year under audit. The company had turnover of previous three consecutive financial years being ` 49 crores, ` 145 crores and ` 150 crores. During the previous year, WWF Ltd. borrowed a loan from a public financial institution of ` 110 crores but squared up ` 20 crores by the year end. The company does not have any internal audit system. In view of the management, internal audit system is not mandatory.</p> <p>You are required to state-</p> <p>(i) the provisions related to applicability of internal audit as per the Companies Act, 2013 and comment upon the contention of the management of the company.          (ii) who can be appointed as Internal Auditor?</p> <p><b>(b)</b> The operational auditor of a company observed a totaling error in invoice of ` 500. He has not taken care of the same saying that this is out of scope of his work. Comment.</p>	<b>(a) 132</b>	<b>Internal Audit, Management and Operational Audit</b>
<b>Q-20</b>	<p>Write short notes on the following:</p> <p><b>(a)</b> Types of Market under NEAT System. <b>(Stock Exchange)</b></p> <p><b>(b)</b> Powers and duties of an auditor of a Multi-State Cooperative Society. <b>(Co-operative Society)</b></p> <p><b>(c)</b> General steps to be followed while conducting a risk based audit. <b>(Special audit techniques)</b></p> <p><b>(d)</b> Areas of Control for Reporting Stage of Peer Review. <b>(Peer Review)</b></p>	<b>(a) 137</b> <b>(b) 138</b> <b>(c) 138</b> <b>(d) 140</b>	<b>Other Miscellaneous Chapters</b>



<p><b>Q-14</b></p>	<p><b>(a)</b> Ploy Ltd., engaged in the leasing of goods carriage, appointed you as the tax auditor for the financial year 2015-16. How would you deal with the following matters in your tax audit report?</p> <p>(i) Payments of 6 invoices of ` 5,000 each made in cash to Mr. X on 4th July 2015.</p> <p>(ii) Payments of 2 invoices of ` 18,000 each made in cash to Mr. Y on 5th July 2015 and 6th July, 2015 respectively.</p> <p>(iii) Payment of ` 40,000 made in cash to Mr. Z on 7th July 2015 against an invoice for expenses booked in 2014-15.</p> <p><b>(b)</b> Beam Ltd., having principal place of business in Gujarat, is engaged in the generation, transmission, distribution and supply of electricity throughout the India. The management of the company came to know that the provisions related to maintenance of cost records and cost audit are applicable to the company. The company, therefore, appointed a cost auditor for the financial year 2015-16.</p> <p>The cost auditor reported certain disqualifications in Form CRA-3 of the cost audit report to which the management of the company disagreed. The management of Beam Ltd. ingeniously instructed its tax auditor not to reveal any of the disqualifications related to the cost audit while filling particulars to be furnished in Form No. 3CD contending that the disqualifications are not relevant and there is no correlation between tax audit and cost audit as well.</p> <p>As a tax auditor, how would you deal with the matter?</p> <p><b>(c)</b> Nadir India (P) Ltd. appointed a tax auditor under the value-added tax system to conduct its VAT audit for the financial year 2015-16. You are required to state the approach to be adopted and the major areas to be tested by the tax auditor while conducting the tax audit under VAT laws.</p>	<p><b>(a) 132</b> <b>(b) 133</b> <b>(c) 133</b></p>	<p><b>Audit under Fiscal Laws</b></p>
<p><b>Q-15</b></p>	<p>Mithas Ltd. is a top sugar manufacturer and exporter in India operating from Noida Specific Economic Zone, Uttar Pradesh. Its revenue from sale/export for the current year is given below:</p> <p>Sale within India ` 153 lakhs Sale outside India (Export) ` 357 lakhs Total Revenue ` 510 lakhs</p> <p>Mr. X, the statutory auditor of Mithas Ltd., is of the view that the company is mandatorily required to include cost records in their books of account and consequently conduct cost audit. He also suggested the name of his friend, who is a Cost Accountant in Practice, for the purpose of such cost audit. However, the management is of the view that the company neither required including cost records in their books of account nor conduct cost audit.</p> <p>Being an expert in cost records and audit rules, you are required to guide the management in this regard.</p>	<p><b>135</b></p>	<p><b>Cost Audit</b></p>
<p><b>Q-16</b></p>	<p><b>(a)</b> While planning a performance audit, the auditor should define the audit's objectives and the scope and methodology to achieve those objectives. What are the other factors the auditor needs to consider while planning such audit?</p> <p><b>(b)</b> What is a comprehensive audit of public enterprises? Discuss some of the areas to be examined therein.</p>	<p><b>(a) 136</b> <b>(b) 136</b></p>	<p><b>Audit of Public Sector Undertakings</b></p>
<p><b>Q-17</b></p>	<p><b>(a)</b> UV Ltd. appointed CA Manan, a recently qualified CA, for conducting internal audit for the financial year 2015-16. CA Manan seeks your advice in drafting a good quality internal audit report. You are, therefore, required to guide him by elaborating essential features of a good internal audit report.</p>	<p><b>(a) 137</b> <b>(b) 139</b></p>	<p><b>Internal Audit, Management and</b></p>

	<p><b>(b)</b> Operational Auditing is a systematic process involving logical, structured and organized series of procedures. It concentrates on effectiveness, efficiency and economy of operations and therefore it is future oriented.</p> <p>In this perspective, state the following -</p> <p>(i) Need of operational auditing.</p> <p>(ii) Major differences between Financial and Operational Auditing.</p>		<b>Operational Audit</b>
<b>Q-18</b>	<p><b>(a)</b> A departmental store has a very large turnover in cash sales of all kinds of items such as groceries, foodstuffs, sweets, chocolates, and other related items. One day, the accountant of the store stole all the cash receipts and cleverly misguided the management about the embezzlement.</p> <p>The management appointed you to investigate the suspected embezzlement of cash receipts in the departmental store. What are the steps you would take in this regard?</p> <p><b>(b)</b> A nationalized bank received an application from a limited company seeking sanction of a term loan to expand its existing business. In this connection, the Loan Manager of the Bank approaches you to conduct a thorough investigation of the Balance Sheet of this limited company and submit a confidential report based on which he will decide whether to sanction this loan or not.</p> <p>List out the major steps an investing accountant would involve in the verification of assets and liabilities included in the Balance Sheet of the borrower company which has been furnished to the Bank.</p>	<p><b>(a) 140</b></p> <p><b>(b) 141</b></p>	<b>Investigation and Due Diligence</b>
<b>Q-20</b>	<p>20. Write short notes on the following:</p> <p><b>(a)</b> Focus of a Peer review. <b>(Peer review)</b></p> <p><b>(b)</b> Purpose of appointing Inspecting officer of a Depository. <b>(Stock Exchange)</b></p> <p><b>(c)</b> Restrictions on investments of funds of a central co-operative society. <b>(Co-Operative Society)</b></p> <p><b>(d)</b> Special points that may be covered in the audit of equipment leasing finance company. <b>(Special Audit Assignment)</b></p>	<p><b>(a) 144</b></p> <p><b>(b) 145</b></p> <p><b>(c) 145</b></p> <p><b>(d) 146</b></p>	<b>Other Miscellaneous Chapters</b>
<b>MAY-16 RTP</b>			
<b>Q-5</b>	<p><b>(a)</b> Saras, a limited company having turnover of approximately ` 80 crores use a tailor-made accounting software package. In the said package, all transactions are recorded, processed and the final accounts generated from the system. The management tells you that in view of the voluminous nature of day books, there is no need to print them and that audit can be conducted on the computer itself. The management further assures you that any 'query based reports' as required can be generated and printed. As a statutory auditor of the company, enumerate the procedures you would adopt to conduct the audit.</p> <p><b>(b)</b> "The auditor must evaluate major clauses of control used in a Computerized Information system to enhance its reliability" – Comment.</p>	<p><b>(a) 124</b></p> <p><b>(b) 126</b></p>	<b>Audit under CIS Environment</b>
<b>Q-10</b>	<p>The audit committee has been granted several roles under SEBI LODR Regulation. Oversight of the company's financial reporting process; recommendation for appointment of auditors; approval of payment to statutory auditors etc. are some of the roles that an audit committee perform. State the role of Audit Committee as provided under SEBI LODR Regulation.</p>	<b>132</b>	<b>Audit Committee and Corporate Governance</b>

<p><b>Q-11</b></p>	<p><b>(a)</b> "Permanent Consolidation Adjustments are made only on the first occasion of the preparation and presentation of consolidated financial statements". What are the Permanent Consolidation Adjustments? Explain the role of auditor in this context.</p> <p><b>(b)</b> While doing the audit of consolidated Financial Statements, which current period consolidation adjustments are to be taken into account?</p>	<p><b>(a) 134</b></p> <p><b>(b) 135</b></p>	<p><b>Audit of Consolidated Financial Statements</b></p>
<p><b>Q-12</b></p>	<p><b>(a)</b> As a branch auditor of a Nationalized bank, how would you classify the following advances based on securities?  (i) Advances covered by ECGC/DISGC guarantees.  (ii) An account which is fully secured but the margin in which is lower than that stipulated by the bank.  (iii) Advances covered against cheques purchased including self cheques.  (iv) Advances against supply bill.</p> <p><b>(b)</b> As the concurrent auditor of Nagpur Main Branch of XYZ Bank Ltd., state the issues which have to be considered in the audit of advances.</p>	<p><b>(a) 135</b></p> <p><b>(b) 136</b></p>	<p><b>Audit of Banks</b></p>
<p><b>Q-13</b></p>	<p><b>(a)</b> "In an audit of an insurance company, the Receipts and Payments Account is also subjected to audit". Comment.</p> <p><b>(b)</b> Mention the duties of Auditor of Co-operative Societies in regard to the following:  (i) Over-due interest.  (ii) Compliance with provisions of Co-operative Act and Rules thereunder.  (iii) Special Report to Registrar of Co-operative Societies.</p>	<p><b>(a) 136</b></p> <p><b>(b) 137</b></p>	<p><b>Audit of General Insurance Companies and Co-operative Societies</b></p>
<p><b>Q-14</b></p>	<p><b>(a)</b> XYZ Pvt. Ltd., a company in which public are not substantially interested, issued 1,00,000 equity shares at a premium of ` 70 per share (face value ` 10 per share). The fair market value of the shares as on the date of issue was ` 60 per share. As the tax auditor of XYZ Pvt. Ltd., how would you report the same in your tax audit report?</p> <p><b>(b)</b> X Ltd. has sold one of its buildings situated in Kolkata during the year for a consideration of ` 40 lakh. However, the stamp duty value assessed by the authority of Government of West Bengal is ` 48 lakh. As a Tax auditor, what will be your reporting requirement? Will it make any difference, if value adopted is more than that as assessable by any Authority of a State Government?</p> <p><b>(c)</b> Draft an audit programme for conducting the audit of a Public Trust registered under section 12A of the Income-tax Act, 1961.</p>	<p><b>(a) 138</b></p> <p><b>(b) 138</b></p> <p><b>(c) 139</b></p>	<p><b>Audit under Fiscal Laws</b></p>
<p><b>Q-15</b></p>	<p><b>(a)</b> Expro Ltd. is engaged in the production of steel. A Chartered Accountant Firm 'M/s Manan &amp; Co.' was appointed as the statutory auditor of Expro Ltd. for the current financial year. During the year, the management of the company realized that the company is required to maintain cost records in their books of account and get it audited. Therefore, in a general meeting,</p>	<p><b>(a) 140</b></p> <p><b>(b) 140</b></p>	<p><b>Cost Audit</b></p>

	<p>the members of the company appointed M/s Manan &amp; Co. as the cost auditor of the company. You are required to examine the validity of appointment of M/s Manan &amp; Co. as the cost auditor.</p> <p><b>(b)</b> "Like every other audit, a systematic planning for cost audit is also necessary". Indicate the matters to be included in a Cost Audit Programme.</p>		
<b>Q-16</b>	<p><b>(a)</b> Briefly explain performance audit? What do the considerations need to be taken care while performing such audit?</p> <p><b>(b)</b> Enumerate the right of C&amp;AG of India to conduct a supplementary audit of the financial statement of a company, or comment upon or supplement audit report provided under section 143(6) of the Companies Act, 2013.</p>	<p><b>(a)</b> 141 <b>(b)</b> 142</p>	<b>Audit of Public Sector Undertakings</b>
<b>Q-17</b>	<p><b>(a)</b> You have been appointed as management auditor of a large engineering company suffering from a working capital crunch. Enlist and discuss the related areas which you would probe into to overcome the company's problem.</p> <p><b>(b)</b> Amaze kart, a manufacturing unit does not accept the recommendations for improvements made by the Operational Auditor. Suggest an alternative way to tackle the hostile management.</p>	<p><b>(a)</b> 143 <b>(b)</b> 144</p>	<b>Internal Audit, Management and Operational Audit</b>
<b>Q-18</b>	<p><b>(a)</b> Mr. Manan is above 80 years old and wishes to sell his proprietary business of manufacture of specialty chemicals. Preeto Ltd. wants to buy the business and appoints you to carry out a due diligence audit to decide whether it would be worthwhile to acquire the business. What procedures you would adopt before you could render any advice to Preeto Ltd.?</p> <p><b>(b)</b> Runri Ltd., a company engaged in manufacturing of chemicals is consistently recording higher sales turnover, but declining net profits since the last 5 years. As an investigator appointed to find out the reasons for the same, what are the points you would verify?</p>	<p><b>(a)</b> 144 <b>(b)</b> 147</p>	<b>Investigation and Due Diligence</b>
<b>Q-20</b>	<p>Write short notes on the following:</p> <p>(a) Haphazard Sampling. <b>(Special Audit Techniques)</b></p> <p>(b) Key functions of an Energy Auditor. <b>(Special Audit Assignment)</b></p> <p>(c) Collection of Evidence by Peer Reviewer. <b>(Peer Review)</b></p> <p>(d) Compliance of Prudential Norms of RBI by NBFC. <b>(NBFC)</b></p> <p>(e) Circumstances in which Chartered Accountant in practice or firm of Chartered Accountants cannot conduct Tax Audit u/s 44 AB of the Income Tax Act, 1961 of the concern. <b>(Tax Audit)</b></p>	<p><b>(a)</b> 150 <b>(b)</b> 150 <b>(c)</b> 151 <b>(d)</b> 151 <b>(e)</b> 152</p>	<b>Other Miscellaneous Chapters</b>
<b>NOV-16 RTP</b>			
<b>Q-5</b>	<p><b>(a)</b> You are a member of an audit team of RKP Associates, auditors of a Multinational Company YB Co. Ltd. The company is working in CIS environment. The partner in charge of RKP Associates asked you to draw out the audit plan for evaluating the reliability of controls.</p> <p><b>(b)</b> "The method of collecting Audit evidence and evaluating the same changes drastically under CIS Environment". – Comment.</p>	<p><b>(a)</b> 129 <b>(b)</b> 130</p>	<b>Audit under CIS Environment</b>

<p><b>Q-10</b></p>	<p>Visual Limited, a company incorporated in India has nine members in its Audit Committee. Due to recessionary conditions in India the revenue of the company is going down and there is slowdown in other activities of the company. Therefore, it was expected that there would not be significant work for members of the Audit Committee.</p> <p>Considering the overall recession in the company and the economy, the members of the Committee decided unanimously to meet only once at the year end. They reviewed monthly information system of the Company and found no errors.</p> <p>As an auditor of Visual Limited would you consider the decision taken by the Audit Committee to hold the meeting once in a year, is complying with the provisions of SEBI (LODR) 2015 regulations. Also state the quorum requirements for such meetings.</p>	<p><b>137</b></p>	<p><b>Audit Committee &amp; Corporate Governance</b></p>
<p><b>Q-11</b></p>	<p><b>(a)</b> Feel Good Bank Ltd. appoints Secure &amp; Co, a firm of Chartered Accountants for a special assignment of ascertaining the quality of its loans and advances portfolio independently. What would be the areas you would focus on such a review?</p> <p><b>(b)</b> Your firm has been appointed as Central Statutory Auditors of a Nationalized Bank. The Bank follows financial year as accounting year. State your views on the following issues which were brought to your notice by your Audit Manager:</p> <p>(i) The bank has recognized on accrual basis income from dividends on securities and Units of Mutual Funds held by it as at the end of financial year. The dividends on securities and Units of Mutual Funds were declared after the end of financial year.</p> <p>(ii) The bank is a consortium member of Cash Credit Facilities of ` 50 crores to X Ltd. Bank's own share is ` 10 crores only. During the last two quarters against a debit of ` 1.75 crores towards interest the credits in X Ltd's account are to the tune of ` 1.25 crores only. Based on the certificate of lead bank, the bank has classified the account of X Ltd as performing.</p>	<p><b>(a) 138</b> <b>(b) 139</b></p>	<p><b>Audit of Banking Company</b></p>
<p><b>Q-12</b></p>	<p>Khandelwal &amp; Co., Chartered Accountants are the Auditors of Max Healthy General Insurance Company Limited. As on March 31, 2016 the Management made a provision for claims outstanding. Enumerate the steps to be taken by the Auditor while verifying the "Claims Provision".</p>	<p><b>139</b></p>	<p><b>Audit of General Insurance Company</b></p>
<p><b>Q-13</b></p>	<p><b>(a)</b> An auditor of a Co-operative Society governed by Cooperative Societies Act, 1912 is required to attach schedules giving certain information. Please list the information required to be given in the schedules.</p> <p><b>(b)</b> Mention the duties of Auditor of Co-operative Societies in regard to the following:</p> <p>(i) Over-due interest.</p> <p>(ii) Compliance with provisions of Co-operative Act and Rules thereunder.</p> <p>(iii) Special Report to Registrar of Co-operative Societies.</p>	<p><b>(a) 141</b> <b>(b) 141</b></p>	<p><b>Audit of Co-operative Society</b></p>
<p><b>Q-14</b></p>	<p><b>(a)</b> Discuss briefly Income Computation and Disclosure Standards (ICDS) to be followed by assesses under the Income-tax Law.</p> <p><b>(b)</b> While conducting the tax audit of A &amp; Co. you observed that it made an escalation claim to one of its customers but which was not accounted as income. What is your reporting responsibility?</p>	<p><b>(a) 142</b> <b>(b) 143</b> <b>(c) 144</b></p>	<p><b>Audit under Fiscal Laws</b></p>

	(c) Perfect India (P) Ltd. appointed a tax auditor under the value-added tax system to conduct its VAT audit for the financial year 2015-16. You are required to state the approach to be adopted and the major areas to be tested by the tax auditor while conducting the tax audit under VAT laws.		
Q-15	What is a comprehensive audit of public enterprises? Discuss some of the areas to be examined therein.	146	Audit of Public Sector Undertakings
Q-16	(a) What do you understand by the Rolling Settlements? State briefly.  (b) Enumerate the main areas to be covered by the auditor in the case of environment audit of an industrial unit.	(a) 147 (b) 148	Special Audit
Q-17	(a) Explain in brief the behavioral aspects encountered in the management audit and state the ways to solve them.  (b) The Managing Director of Ram Ltd is concerned about high employee attrition rate in his company. As the internal auditor of the company he requests you to analyze the causes for the same. What factors would you consider in such analysis?	(a) 150 (b) 151	Internal Audit, Management and Operational Audit
Q-18	An American Company engaged in the business of manufacturing and distribution of industrial gases, is interested in acquiring a listed Indian Company having a market share of more than 65% of the industrial gas business in India, request you to conduct a "Due Diligence" of this Indian Company and submit your Report. (a) As due Diligence Auditor, what key areas you will cover in your review? (b) List out the contents of your Due Diligence Review Report that you will submit to your USA based Client.	(a) 151 (b) 154	Investigation and Due Diligence
Q-20	Write a short note on the following: (a) Areas excluded from the scope of peer reviewer (Peer Review) (b) Principal Methods of Selection of Samples. (Special Audit Techniques) (c) Classes of Companies Required to Constitute Audit Committee. (Audit Committee) (d) Classification of frauds by NBFC. (NBFC)	(a) 156 (b) 156 (c) 157 (d) 157	
<b>May-17 RTP</b>			
Q-4	(a) While commencing the statutory audit of Alex Co. Ltd., what would you consider as an auditor to assess risk of material misstatement and responses to such risks?  (b) State briefly eight provisions of the Sarbanes-Oxley Act of 2002, which shall, if enacted in India to Indian Corporates, get fruitful results.  (c) Pasta Ltd., a manufacturing concern want to develop internal control system.	(a) 236 (b) 237 (c) 238	Risk Assessment and Internal Control

	You are an expert in developing the internal control system, hereby called to brief about the same. In view of above, you are required to brief about internal control system and inherent limitations of the internal control?		
<b>Q-5</b>	<p>ZZZ Ltd. used to spend huge resources and time to maintain large data of accounts management. Not only the maintenance of data, but the transfer of files from one department to another took months. Most of the time, accounts department of the company could not co-ordinate between data transferred from one department to another. Due to this complexity of data maintenance in the form of files, the management opted switching to customized accounting software package. Now, in the said package, all transactions are recorded, processed and the final accounts generated from the system.</p> <p>The management tells you that in view of the voluminous nature of day books and the motto of 'save nature', there is no need to take printouts and that audit can be conducted on the computer, itself. The management further assures you that any 'query based reports' as required can be generated and printed.</p> <p>As a statutory auditor of the company, enumerate the procedures you would adopt to conduct the audit in such environment.</p>	<b>239</b>	<b>Audit under CIS Environment</b>
<b>Q-8</b>	<p><b>(a)</b> Compare and explain the following:  (i) Reporting to Shareholders vs. Reporting to those Charged with Governance.  (ii) Audit Qualification vs. Emphasis of Matter.</p> <p><b>(b)</b> Under CARO, 2016, as a statutory auditor, how would you report:  (i) RPS Ltd. has entered into non-cash transactions with Mr. Rahul, son of director, which is an arrangement by which the RPS Ltd. is in process to acquire assets for consideration other than cash.  (ii) NSP Limited has its factory building, appearing as fixed assets in its financial statements in the name of one of its director who was overlooking the manufacturing activities.</p>	<b>(a) 245</b> <b>(b) 246</b>	<b>Audit Report (CARO 2016)</b>
<b>Q-9</b>	<p><b>(a)</b> Enumerate the issues addressed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding Corporate Governance.</p> <p><b>(b)</b> Briefly explain the role of auditor in audit committee and certification of compliance of conditions of Corporate Governance.</p> <p><b>(c)</b> Pataka Limited is a listed Company in which no code of conduct is laid down for its board members and senior members. As an auditor of Pataka Limited:  (i) Briefly explain the compliance requirements with respect to Code of Conduct as per Listing Order Disclosure Requirement (LODR) Regulations.  (ii) What will be your role in compliance of above-mentioned Code of Conduct as per LODR 2015 Regulations?</p>	<b>(a) 247</b> <b>(b) 248</b> <b>(c) 249</b>	<b>Audit Committee &amp; Corporate Governance</b>
<b>Q-10</b>	<p>You are appointed as an auditor of Nawab Limited, a listed company which is a main supplier to the UK building and construction market. With a turnover of ` 2.9 billion, the company operates through 11 business units and has nearly 1,80 branches across the countries.</p> <p>As an auditor, how will you draft the report in case:  <b>(a)</b> When the Parent's Auditor is also the Auditor of all its Components?</p>		<b>Audit of Consolidated Financial Statements</b>

	<p><b>(b)</b> When the Parent's Auditor is not the Auditor of all its Components?</p> <p><b>(c)</b> When the Component(s) Auditor Reports on Financial Statements under an Accounting Framework Different than that of the Parent?</p> <p><b>(d)</b> When the Component(s) Auditor Reports under an Auditing Framework Different than that of the Parent?</p> <p><b>(e)</b> Where the financial statements of one or more components is not audited?</p>	<p><b>(a)</b> 249</p> <p><b>(b)</b> 250</p> <p><b>(c)</b> 250</p> <p><b>(d)</b> 251</p> <p><b>(e)</b> 251</p>	
<b>Q-11</b>	<p><b>(a)</b> You have been appointed as a statutory central auditor of SABKA Bank, a Nationalized bank. What special points would you borne in mind while conducting the audit of compliance with "Statutory Liquidity Ratio" (SLR) requirements?</p> <p><b>(b)</b> While auditing APNA Bank, you observed that a lump sum amount has been disclosed as contingent liability collectively. You are, therefore, requested by the management to guide them about the disclosure requirement of Contingent Liabilities for Banks. Kindly guide.</p>	<p><b>(a)</b> 251</p> <p><b>(b)</b> 254</p>	<b>Audit of Banks</b>
<b>Q-12</b>	<p>During the course of audit, if the auditor notices that there are some serious irregularities in the working of the society he may report those special matters to the Registrar, drawing his specific attention to the points. In view of above, you are required to state the circumstances under which an auditor is required to submit a special report to the registrar of co-operative societies?</p>	254	<b>Audit of Co-operative Society</b>
<b>Q-13</b>	<p><b>(a)</b> The RBI restrict companies from carrying on the business of a non-banking financial institution without obtaining the certificate of registration, therefore, obtaining registration under section 45-IA of the Reserve Bank of India Act, 1934 is necessary. Additionally, new clause has been inserted under CARO, 2016 for commenting whether the registration has been obtained, if required. Being an expert in latest provisions under CARO, 2016, you are required to state in brief the audit procedure and reporting to be followed under above mentioned circumstances.</p> <p><b>(b)</b> You are appointed as the auditor of a Hire-Purchase Finance Company. Enumerate the verification procedures in relation to audit of such Non-Banking Financial Company.</p>	<p><b>(a)</b> 254</p> <p><b>(b)</b> 255</p>	<b>Audit of Non-Banking Financial Companies</b>
<b>Q-14</b>	<p>A leading manufacturing concern valued its inventory following a method not in line with the provisions of Income Computation and Disclosure Standard (ICDS)- 2 'Valuation of Inventories'. In such a situation, discuss the relevant clause of Form No. 3CD under which the tax auditor is required to report?</p>	256	<b>Audit under Fiscal Laws</b>
<b>Q-15</b>	<p><b>(a)</b> CARO, 2016 requires the auditor of the company to report whether maintenance of cost records has been specified by the Central Government under section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained. You are required to briefly explain the audit procedure to be followed by the auditor and suggest the reporting pattern.</p> <p><b>(b)</b> Electro Ltd. is engaged in generation of electricity for captive consumption through Captive Generating Plant. The Company also maintain cost records in their books of account as required under Cost Records and Audit Rules. Mr. X, friend of Managing Director of the company, suggested name of his brother, who is a Cost Accountant in Practice, for the purpose</p>	<p><b>(a)</b> 257</p> <p><b>(b)</b> 258</p>	<b>Cost Audit</b>

	of cost audit. However, the statutory auditor of the company, is of the view that the company is not legally required to conduct cost audit. Now, the Managing Director is in dilemma about the requirement of cost audit. Being an expert in cost records and audit rules, you are required to guide in this regard.		
<b>Q-16</b>	<p><b>(a)</b> Energy shortage and the cost of environmental quality control have made the use of energy very costly to many industrial establishments. As a result, many factories have opted for establishing energy management programmes to cope with severe energy shortages and for improving the profitability of their operations. The steps to be followed are general in nature which includes conducting energy audits.</p> <p>In view of the above, you are required to briefly explain what is energy audit and state some of the key functions of the energy auditor.</p> <p><b>(b)</b> For what purposes, SEBI appoints inspecting officer to undertake inspection of the books of account, records, documents, or to investigate the affairs of a depository?</p>	<p><b>(a) 258</b></p> <p><b>(b) 259</b></p>	<b>Special Audit Assignments</b>
<b>Q-17</b>	<p>Mr. A is appointed as statutory auditor of XYZ Ltd. XYZ Ltd is required to appoint internal auditor as per statutory provisions given in the Companies Act, 2013 and appointed Mr. B as its internal auditor. The external auditor Mr. A asked internal auditor to provide direct assistance to him regarding evaluating significant accounting estimates by the management and assessing the risk of material misstatements.</p> <p><b>(a)</b> Discuss whether Mr. A, statutory auditor, can ask direct assistance from Mr. B, internal auditor as stated above in view of auditing standards.</p> <p><b>(b)</b> Will your answer be different, if Mr. A ask direct assistance from Mr. B, internal auditor with respect to external confirmation requests and evaluation of the results of external confirmation procedures?</p>	<p><b>(a) 260</b></p> <p><b>(b) 260</b></p>	<b>Internal Audit, Management and Operational Audit</b>
<b>Q-18</b>	<p><b>(a)</b> General objective of an audit is to find out whether the financial statements show true and fair view. On the other hand, investigation implies systematic, critical and special examination of the records of a business for a specific purpose. In view of the above, you are required to brief out the difference between Audit and Investigation.</p> <p><b>(b)</b> Zeta Ltd. is anticipating taking over a manufacturing concern and appoints you for due diligence review. While reviewing, it requests you to look specifically for any hidden liabilities and overvalued assets. State in brief the major areas you would examine for hidden liabilities and overvalued assets.</p>	<p><b>(a) 260</b></p> <p><b>(b) 262</b></p>	<b>Investigation and Due Diligence</b>
<b>Q-20</b>	<p>Write short notes on the following:</p> <p><b>(a)</b> Areas of Control for Reporting Stage of Peer Review. <b>(Peer Review)</b></p> <p><b>(b)</b> Factors to be considered while planning the Performance Audit. <b>(Audit Strategy, Planning and Programming)</b></p> <p><b>(c)</b> Register and Records generally prepared in respect of Claims by Insurance Companies. <b>(GIC)</b></p> <p><b>(d)</b> Haphazard Sampling. <b>(Special Audit Techniques)</b></p>	<p><b>(a) 266</b></p> <p><b>(b) 267</b></p> <p><b>(c) 268</b></p> <p><b>(d) 269</b></p>	