

11 OCT 2014

Eastern University, Sri Lanka
Faculty of Commerce and Management
Third Year Second Semester Examination in Bachelor of Commerce 2011 / 2012
(August 2014)
(Proper / Repeat)
DAF 3062 Advanced Auditing

Answer all questions

Time: 02 Hours

- 01.
- (a) Sri Lanka Accounting and Auditing Standard Act No.15 of 1995 contains provisions relating to Accounting and Audit of Specified Business Enterprises. State the followings:
- (i) Four types of specified business enterprises. **(04 Marks)**
- (ii) Duties of Specified Business Enterprises **(03 Marks)**
- (iii) Duties of Auditors **(03 Marks)**
- (b) State the key role of Sri Lanka Accounting and Auditing Standards Monitoring Board (SLASSMB) **(03 Marks)**
- (c) The Companies Act No. 7 of 2007 contains provisions relating to audit of Limited Liability Companies. State the provisions the Companies Act relating to:
- (i) Qualification and disqualification **(06 Marks)**
- (ii) Appointment of first Auditor **(03 Marks)**
- (iii) Auditors fees and expenses **(02 Marks)**
- (iv) Information accessibility **(02 Marks)**
- (d) In order to comply with statutory requirement of the companies Act No. 7 of 2007, what are the matters auditor should include in his reports? **(05 Marks)**
- (e) The Finance Act No. 38 of 1971 contains provisions relating to audit of Public Corporations. State the provisions of finance Act relating to

- (i) the auditor of public corporation (03 Marks)
- (ii) rights of the Auditor of Public Corporations (03 Marks)
- (iii) State three (03) areas that an auditor generally examines in the audit of Public Corporations (03 Marks)

(Total 40 Marks)

02.

- (a)
 - (i) Discuss the objectives of maintaining audit working papers (05 Marks)
 - (ii) What are the facts affecting form and content of audit working papers (05 Marks)
 - (iii) Discuss the objectives of an audit engagement letter (04 Marks)
 - (iv) State principal content of and audit engagement letter (04 Marks)
- (b)
 - (i) Explain four (04) objectives of an internal audit. (04 Marks)
 - (ii) State four (04) similarities and differences between internal and external audit (08 Marks)
 - (iii) What are the matters that external auditor considers in preliminary assessment of internal audit function. (06 Marks)
- (c) Briefly discuss powers and duties of the Auditor General of Sri Lanka as specified in the Constitution of Sri Lanka. (07 Marks)
- (d)
 - (i) State briefly the importance of good corporate governance to the Companies. (04 Marks)
 - (ii) State role and functions of the Audit Committees. (04 Marks)
- (e)
 - (i) Explain the following types of audit opinions.
 - Unqualified opinion
 - Disclaimer of opinion (06 Marks)
 - (ii) In what situations an Auditors report is considered to be modified (03 Marks)

(Total 60 Marks)