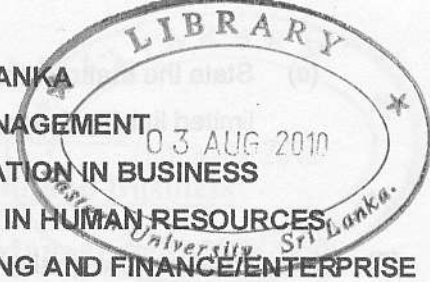


EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT
THIRD YEAR-SECOND SEMESTER EXAMINATION IN BUSINESS
ADMINISTRATION/COMMERCE/SPECIALIZATION IN HUMAN RESOURCES
MANAGEMENT/MARKETING MANAGEMENT/ACCOUNTING AND FINANCE/ENTERPRISE
DEVELOPMENT-2008/2009 (JUNE 2010)
(PROPER/REPEAT)



DAF 3223 ADVANCED AUDITING

Answer All Questions

Time: Three Hours

- (1) (a) State briefly the importance of good Corporate Governance to the companies.
(05 Marks)
- (b) "Auditors should review the corporate governance statement before it is published".
What are the items to be reviewed by the auditors in the corporate governance statement?
(05 Marks)
- (c) State the role and functions of the Audit Committees.
(04 Marks)
- (d) Briefly explain provisions of Cadbury report/ contents of corporate governance code.
(06 Marks)
- (e) What are the auditor's duties with regard to Laws and Regulations outlined in SLAUS considering the Laws and Regulations in an audit of Financial Statements.
(05 Marks)
- (Total 25 Marks)**
- (2) (a) "Auditor to be independent to the client or Auditee".
How the independence of the auditor is ensured by the Companies Act No. 7 of 2007.
(05 Marks)
- (b) Explain the statutory requirements of an auditor in terms of Companies Act No.7 of 2007 relating the following.
- (i) First Auditor and Subsequent Auditor.
 - (ii) Filling a vacancy.
 - (iii) Auditors' fees and expenses.
 - (iv) Qualification to be an auditor of limited liability companies.
 - (v) Replacement of an auditor.
 - (vi) Information accessibility.

(07 X 02 = 14 Marks)

(c) State the matters that should be included in the auditors report to the shareholders of limited liability Companies.

(06 Marks)

(Total 25 Marks)

(3) (a) What are the quality control procedures that should be implemented for the individual audit?

(04 Marks)

(b) Briefly explain as to how the Parliamentary Control is exercised over Public Finance.

(06 Marks)

(c) Briefly discuss the duties and powers of the Auditor General of Sri Lanka as mentioned in the Constitution of Sri Lanka.

(06 Marks)

(d) Write short notes on the following:

- a. Committee on Public Accounts (COPA)
- b. Surcharge Power of the Auditor General
- c. Reporting the non compliance

(03 X 03 = 09 Marks)

(Total 25 Marks)

(04) (a) State how you would verify the following material items appearing in the accounts of a limited liability company.

- (i) Free hold land acquired during the year
- (ii) Motor vehicle
- (iii) Plant and machinery

(03 X 02 = 06 Marks)

(b) State the factors needed to be considered in selecting sample of debtors to circularize.

(03 Marks)

(c) Explain the positive and negative methods of circularization of debtors

(03 Marks)

(d) Outline how you would verify the stock- in trade when you attend a stock count in a trading organization.

(04 Marks)

(e) Explain the following types of audit opinion and state each situation in which these opinions are expressed.

- Unqualified opinion
- Disclaimer of opinion
- Adverse opinion

(03 X 03 = 09 Marks)

(Total 25 Marks)