

Eastern University, Sri Lanka

Faculty of Commerce and Management

Third Year Second Semester Examination in Bachelor of Commerce/ Bachelor of Commerce (Specialization in Accounting and Finance) 2009/2010 (January / February 2012)

(Proper)

DAF 3062 Advanced Auditing

Answer all questions

Time: Two 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.

(d) State the situation in which auditors' reports are modified

(20 Marks)

02. (a) List the basic of elements of internal control system.

(b) "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.

(c) What are the quality control procedures that should be applied to the individual audit?

(d) 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.

(d) Briefly explain provisions of Cadbury Code with regard to Director responsibilities.

(20 Marks)

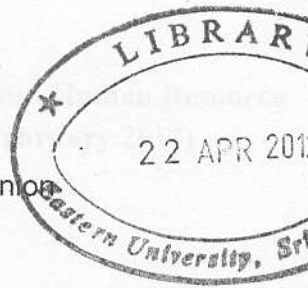
04. (a) List the four procedures involved in the verification of each of following:

(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) Write short notes on the following audit opinions:

- (i) Unqualified opinion                      (ii) Disclaimer opinion

(d) 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) State provisions given in the Constitution of Sri Lanka with regard to Parliamentary control over Public Finance.

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

**(20 Marks)**