

2025

COMMERCE

Paper : CC-403

[Auditing and Assurance Service (AAS)]

Full Marks : 40

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Module - I

Answer *any two* questions.

1. (a) "Concept of an audit is co-related with the concept of accounting." — In light of this statement discuss the three main aspects of accounting and explain the extended meaning of audit.
(b) "The present day accounting and auditing function need to be upgraded and moulded in such a fashion that the society is able to gather the maximum benefits from the relentless efforts of the committed professionals." — In light of this statement discuss the social objects of an audit from financial point of view. (3+2)+5
2. (a) What do you mean by Standards on Auditing (SAs)?
(b) Discuss the procedure of issuing Standards on Auditing by the Auditing and Assurance Standards Board (AASB).
(c) What are the different types of auditor's independence? Discuss them briefly. 2+5+3
3. Describe the key elements of an audit report as prescribed by the relevant Standards on Auditing (SAs) issued by the ICAI. Explain the purpose and significance of each elements in ensuring effective communication of the auditor's findings to stakeholders. 10
4. Write short notes on (*any two*) : 5×2
 - (a) Evaluation of internal control system
 - (b) Concept of materiality and its relevance
 - (c) Techniques of auditing.

Please Turn Over

(1621)

Module - IIAnswer *any two* questions.

5. (a) P Ltd. is a leading dealer of jute products in India. Jute and jute products companies belong to non-regulated sector [as per Rule 3(B) of the Companies (Cost Records and Audit) Rules, 2014]. The company sells three products — Product A, Product B and Product C in the domestic as well as international markets. The aggregate turnovers from these three products are — ₹ 74 crores, ₹ 50 crores and ₹ 26 crores respectively. Out of total turnover of the company, ₹ 110 crores are from export business. Directors of the P Ltd. are of the opinion that cost audit is required for none of the products of the company as majority of sales comes from export business. Give your opinion in light of applicable legal provision. You are also required to point out the other situations in which a company is exempted from undergoing cost audit.
- (b) M/s ABC & Co., a firm of Chartered Accountants has been approached by PQR Ltd., a company engaged in production of iron and steel. The company has been facing the following operational issues :
- (i) penal interest due to delayed payments to the overseas vendors despite having adequate cash flows; and
- (ii) deteriorating vendor ratings due to delay in shipping despite having adequate stock. A discussion between a senior partner of the ABC & Co. and a senior manager of PQR Ltd. revealed that these delays are occurring because of long-decision making cycles of the company. As a consultant would you recommend an operational audit or a management audit. Justify your answer in light of differences between operational audit and management audit. 5+5

Or,

What is secretarial audit? Is it mandatory for all companies? Discuss the benefits of management audit. 2+3+5

6. (a) What are the components of internal control framework in an automated environment? Describe them in detail with examples.
- (b) In an automated environment, the data stored and processed in the system can be used to have insight into business operations. The data can be used for preparation of Management Information System (MIS) reports that provide a snapshot on business performances. In view of the above, you are required to briefly discuss the meaning of data analytics and the specific circumstances in which an auditor can apply the concept of data analytics. 5+5

Or,

What is audit trail? Discuss about the different approaches to auditing in a computerised environment. 2+8

7. (a) What are the audit reports prepared and presented by the CAG to the President of India?
- (b) Mention the different types of audits done by the CAG of India.
- (c) Explain any four duties of the Comptroller and Auditor-General concerning the audit of accounts.
- (d) Draft an audit programme of Burdwan Municipality, a local body. 1½+2+4+2½

8. (a) What is professional ethics? Explain Professional competence and Confidentiality as a fundamental principle of professional ethics.
- (b) What are the other misconducts in relation to members of the Institute generally as per Part IV of the First Schedule to the Chartered Accountants Act, 1949?
- (c) Jupiter Ltd. has applied to HDFC Bank for a loan of ₹ 50 crores. After reviewing the company's financial statements, the bank asked CA Jai Kishore, the auditor of Jupiter Ltd., to visit the bank to discuss about loan disbursement.

During the discussions, the bank officials sought CA Jai Kishore's opinion regarding the company and requested detailed information about several items in the financial statements. Based on the information available in the working paper file, CA Jai Kishore has disclosed various confidential matters about the company to officials of HDFC Bank. Will the chartered accountant be held guilty of professional misconduct? Justify your answer with the help of the Chartered Accountants Act of 1949.

(1+3)+2+4