



Eastern University, Sri Lanka
Faculty of Commerce and Management
Third Year Second Semester Examination in Bachelor of Business Administration 2013/2014
(September/ October 2016) Proper/Repeat
MGT 3053 Advanced Taxation & Auditing – Auditing Part

Answer all questions

Time : 1 ½ Hours

01. The Finance Act No. 38 of 1971 contains provisions relating to audit of Public Corporations, Statutory Boards and Authorities
- a) State the provisions of Finance Act relating to
- i) the auditor of Public Corporation (02 Marks)
 - ii) rights of the Auditor of Public Corporations. (04 Marks)
 - iii) state three (03) areas generally examines in the audit of Public Corporations by the auditor. (06 Marks)
- b) Sri Lanka Accounting and Auditing Standard Act No. 15 of 1995 contains provisions relating to Auditing and Audit of Specified Business Enterprises. State the following.
- i) Three types of specified business enterprises. (03 Marks)
 - ii) Duties of specified business enterprises. (06 Marks)
- b) The companies Act No. 7 of 2007 contain provisions relating to audit of limited liability companies.
- State the provision of companies Act relating to
- i) the appointment of first auditors
 - ii) the disqualification of being an auditor of a company.
 - iii) replacement of an auditor.
 - iv) information accessibility
- (04 X 03 = 12 Marks)
- d) In order to comply with statutory requirement of the companies Act No. 7 of 2007. What are the matters that auditor should include in his report? (08 Marks)

e) Explain the procedures involved in the verification of the following items shown in the statement of financial position of the company.

- i) Motor vehicle
- ii) Debtors
- iii) Long term loan

(03 X 03 = 09 Marks)

(Total 50 Marks)

02.

a) Briefly explain the elements of control environment and control activities. (08 Marks)

b) State five components of internal control as described by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). (10 Marks)

c) Describe the benefits to an organization of having an effective System of internal control. (10 Marks)

d) Explain the following types of audit opinion and state situation in which each of this opinion are expressed.

- Unqualified opinion.
- Disclaimer opinion.

(02 X 06 = 12 Marks)

e) Write short notes on the following.

- i) Committee on public Accounts COPA.
- ii) Accounting and Auditing Standard Monitoring Board.

(02 X 05 = 10 Marks)

(Total 50 Marks)