

**KARACHI UNIVERSITY BUSINESS SCHOOL**  
*University of Karachi*  
**FINAL EXAMINATION, JUNE 2009: AFFILIATED COLLEGES**  
**AUDITING: BA (M) – 612**  
**MBA – IV**

**Date: January 11, 2010**

**Max Marks: 60**

**Max Time: 3 Hrs**

**Instructions: Attempt five questions in all where Question No. 1 is compulsory.\**

- Q1 (a) What do you understand by the term “Auditing”. What creates the demand for financial audits? (6)
- Q1 (b) Discuss the various limitations of an Audit. (6)
- Q2 (a) Should a separate audit program be prepared for each audit engagement, or can a standard program be used for all engagements? What is your view point? Explain. (6)
- Q2 (b) Identify and briefly explain the steps involved in planning of an audit. (6)
- Q3 (a) What is an Audit Report? How does a “Qualified Audit Report” differs from “Unqualified Audit Report”. Explain (6)
- Q3 (b) Can a Qualified Report be regarded as an Adverse Report? Briefly explain (4)
- Q3 (c) List down the contents of an Audit Report. (2)
- Q4 (a) Define Internal control and Internal control Structure. Why it is important for an auditor to gain sufficient understanding of a client’s Internal control Structure. Explain. (6)
- Q4 (b) How would you evaluate the Internal Control of a Commercial Bank? (6)
- Q5 (a) Explain the relationship between Audit Evidence and Audit Risk. (6)
- Q5 (b) In a dialogue with you Mr. Kamran (Chartered Accountant) claims that both the sufficiency and competence of audit evidence are a matter of judgment in every audit. Do you agree or disagree with Mr. Kamran. Justify your answer. (6)
- Q6 Write short notes on the following: (Any Four)
1. Objective of an Audit
  2. Audit Risk
  3. Interim Audit
  4. Frauds
  5. Subsequent Events
  6. Reasonable Assurance

**GOOD LUCK**

**KARACHI UNIVERSITY BUSINESS SCHOOL**  
**UNIVERSITY OF KARACHI**  
FINAL EXAMINATION, JUNE & JULY 2009: AFFILIATED COLLEGES  
AUDITING: BA (M) – 612  
MBA – IV

**Date: June 29, 2009**  
**Time allowed: 3 Hours**

**Max Marks: 60**

**Instructions: Attempt Five (5) questions only.**

- Q1 (a)** Define auditing, and give explanation of its definition. **(06)**  
**(b)** What are the limitations of an audit? **(06)**
- Q2 (a)** Why is it necessary to plan audit? **(06)**  
**(b)** What are the steps involved in planning an audit? **(06)**
- Q3** What is the need of audit committee and discuss its functions? **(12)**
- Q4 (a)** Define audit evidence? What are the needs of audit evidence? **(04+04)**  
**(b)** How the reliability of audit evidence can be assessed? **(04)**
- Q5** Discuss the importance of internal control system in an organization and who are responsible for it? **(12)**
- Q6** What are the procedures used by an auditor to obtain understanding of business and in identifying audit risk? **(12)**
- Q7** Discuss how substantive procedure gives a sound for audit evidence? **(12)**
- Q8** Give outline of audit program for the verification of any one item from following: **(12)**
- i. Investment
  - ii. Inventory
  - iii. Account Receivable

**Best of Luck!**

**KARACHI UNIVERSITY BUSINESS SCHOOL**  
**UNIVERSITY OF KARACHI**  
**FINAL EXAMINATION, JANUARY 2009: AFFILIATED COLLEGES**  
**AUDITING: BA (M) – 612**  
**MBA – IV**

Date: January 17, 2009  
Time allowed: 3 Hours

Max Marks: 60

**Instructions: Attempt any five questions, where Q-1 is compulsory**

- Q-1 (a) Define Auditing and justify the need for audit of financial statements. 08
- (b) How auditing differs from accounting? Explain 04
- Q-2 Evaluate the following statement: 12
- “If an audit firm completes an audit of ABC Company’s financial statements and are satisfied with the results of the audit, an unqualified report may be issued. On the other hand if no audit is performed of the current year’s financial statements, but audit firm has performed satisfactory audits in prior years, has a confidence in management of the company, and makes quick review of the current year’s financial statements a qualified report may be issued.”
- Q-3 (a) Analytical procedures are extremely useful throughout the audit. Briefly explain why analytical procedures are considered as substantive tests? 06
- (b) State the objective of an audit. What is the meaning of “professional Skepticism”? How can it affect an audit? Explain 06
- Q-4 Discuss the reasons, why auditors can only provide a reasonable assurance and not absolute assurance about correctness of financial statements. 12
- Q-5 What is “Internal Control”? Why an auditor should gain good understanding of Internal Control Structure while planning an audit engagement? 08
- Identify the components of an “Internal Control Structure” 04
- Q-6 (a) Write short notes on the following: (any three) 09
1. Audit Evidence
  2. Audit Report
  3. Subsequent Events
  4. Audit Committee
- (b) Differentiate between Audit Program and Audit Plan 03
- Q-7 What does Audit Risk mean? Why consideration of audit risk is important for an auditor? What are its three components? Explain 12

**KARACHI UNIVERSITY BUSINESS SCHOOL**  
**UNIVERSITY OF KARACHI**  
FINAL EXAMINATION, JUNE & JULY 2008: AFFILIATED COLLEGES  
AUDITING: BA (M) – 612  
MBA – IV

Date: July 02, 2008

Max Marks: 60

Time allowed: 3 Hours

**Instructions:** 1. Attempt Five (05) questions. All questions carry equal marks.  
2. Answer should be relevant and legible.

**Question # 1.**

What do you mean by the term 'Fraud' in Accounts? Explain the types of Frauds.

**Question # 2.**

Distinguish between internal Audit, statutory audit, and Interim audit.

**Question # 3.**

State and explain the audit techniques that would be adopted by you in verification of each of the following.

- i. Cash Sales
- ii. Bank Balance
- iii. Heavy Crane

**Question # 4.**

What do you mean by common law of 'Evidence' in auditing? What difficulties are faced by the auditor at the time of conducting audit?

**Question # 5.**

What guidance would you recommend for internal control for Incomes and Expenses of a Private Limited Engineering Company?

**Question # 6.**

Can Internal Audit department achieve the purpose it has been established for, without independence? Explain in detail.

**Question # 7.**

An audit report with some qualifications in the previous year of a certain Public Limited Company is required to be compiled with in the following year. Explain the Modus Operandi.

**Question # 8.**

Write short notes on the following.

- i. Accountancy
- ii. Accounting
- iii. Audit
- iv. Auditing

**KARACHI UNIVERSITY BUSINESS SCHOOL**  
**UNIVERSITY OF KARACHI**  
**FINAL EXAMINATION, DECEMBER 2007: AFFILIATED COLLEGES**  
**AUDITING: BA (P) – 432**  
**BBA – IV**

Date: December 28, 2007  
Max Marks: 60

Time: 3 Hours

**Instructions:** 1. Attempt five questions in all. All questions carry equal marks.  
2. Answers must be relevant, brief and neat.

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- Q.No.1. How would you differentiate the following?
- (a) Accounting and Accounts
  - (b) Audit and Accountancy
  - (c) Auditing and Accounting
  - (d) Internal Audit and Internal check
- Q.No.2. What is meant by internal control? What are the essential features of Internal Control? How far is helpful to the Auditor in carrying out his duties?
- Q.No.3. What is meant by Audit Evidence? Enumerate and explain the types of Audit Evidences.
- Q.No.4. What items are included in a Qualified Audit Report? Explain the items excluded from an Unqualified Audit Report?
- Q.No.5. What is meant by Permanent Audit Work paper File? What is the content of Audit Work paper File?
- Q.No.6. You have been appointed as an Auditor of a limited company. List the steps; you would take before the commencement of audit.
- Q.No.7. What is meant by Audit Technique? Explain the Six-Point Audit Techniques.
- Q.No.8. Write short notes on the following:
- (a) Interim Audit
  - (b) External Audit
  - (c) Investigation
  - (d) Computer Audit
  - (e) Audit Notes
  - (f) Audit Ticks

**KARACHI UNIVERSITY BUSINESS SCHOOL**  
**UNIVERSITY OF KARACHI**  
**FINAL EXAMINATION, JUNE-2007: AFFILIATED COLLEGES**  
**AUDITING: BA (P) – 432**  
**BBA – IV**

Date: June 21, 2007  
Max Marks: 60

Time: 3 Hours

**Instructions:** (i) Attempt five questions in all. All questions carry equal marks.  
(ii) Answers must be relevant, brief and legible..

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- Q.No.1. Define Auditing. Explain various types of audits. Do you think that the books of accounts are error free after audit?
- Q.No.2 Explain the importance and Essential of ‘Internal Control’? How far does it help the auditor in performing his duties?
- Q.No.3. Enumerate and explain various types of ‘Audit Evidences’.
- Q.No.4. Explain in detail the procedure for verification of inventories at the year end of a Textile Mill.
- Q.No.5. As an Auditor of a limited company for the year ended 3 December 2006 you are at the final stage of the completion of the Audit and you discover the following:
- (a) Over payment to suppliers.
  - (b) Excessive Expenditure on advertising with no proportionate increase in sales.
  - (c) Insufficient provision for plant replacement.
  - (d) Heavy loss occurred on January 18, 2007 due to outbreak of fire.
- You are required to prepare an Audit Report for the year under review. How would you deal with the above items and why?
- Q.No.6. You have been appointed as Auditor of a limited Trading Company. List the steps that would be taken by you from the commencement to the completion of the audit.
- Q.No.7. Construct an ‘Audit Program’ for verification of “Cash and Cash Equivalents”.
- Q.No.8. Write short notes on any THREE of the following:
- (i) Investigation

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**FINAL EXAMINATION: AFFILIATED COLLEGES**  
**AUDITING: BA (P) – 432**  
**BBA – IV**

**Time: 3 Hours**

**Total Marks: 60**

**Date: December 06, 2006**

**Instructions:** (i) Attempt five questions in all. All questions carry equal marks.  
(ii) Answers must be relevant, brief and neat..

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- Q.No.1. What is meant by “Qualified Audit Report”? Write a qualified report showing at least three acceptances/objections under the companies’ ordinance 1984.
- Q.No.2. What is meant by permanent Audit work paper File? What are the comments of permanent audit work paper file?
- Q.No.3. What is the difference between audit technique and audit evidence? What technique/evidence would be required to verify account receivables? Explain in detail.
- Q.No.4. How would you ensure that the internal control in a cement factory is positive and functional?
- Q.No.5. Write short notes on any three of the following:
- (1) Accounts and Accountancy
  - (2) Internal Audit and External Audit
  - (3) Auditing and Audit
  - (4) Internal Control and Internal check
  - (5) Testing and Sampling
- Q.No.6. Enumerate and explain the steps to be taken by you as an auditor of limited company before the commencement of annual audit?
- Q.No.7. What is meant by “Audit Program”? Construct an audit program for verification of fixed assets of a sugar mill.
- Q.No.8. What do you understand by investigation? How far does it differ from audit?

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**FINAL EXAMINATION: AFFILIATED COLLEGES**  
**AUDITING: BA (P) – 432**  
**BBA – IV**

**Time: 3 Hours**  
**Date: June 15, 2006**

**Total Marks: 60**

**Instructions:** Attempt five questions in all. All questions carry equal marks.

- Q.No.1      You being auditor have an opinion to issue dean report. Write down your report under the companies' ordinance 1984.
- Q.No.2      Different Techniques of auditing used during the conduct of audit. Explain any three of the following:-
- |                               |                                |
|-------------------------------|--------------------------------|
| (i)      Evaluation of Sample | (iv)      Analytical Procedure |
| (ii)      Substantive test    | (v)      C.A.A.T.              |
| (iii)      Compliance test    | (vi)      Cut of Procedure     |
- Q.No.3      Define Verification? Also discuss techniques of verification.
- Q.No.4      What is audit Programming? Why it is necessary? Do you think that audit programming may release the auditor from his responsibilities, discuss.
- Q.No.5      Briefly discuss procedure of internal control of the following:
- |                              |
|------------------------------|
| i)      Purchases            |
| ii)      Accounts Receivable |
- Q.No.6      Discuss Auditors responsibility and legal obligations regarding post Balance Sheet event and event occurring upto auditor report.
- Q.No.7      Write short notes on any three of the following:-
- |   |
|---|
| i)      Kinds of audit                          |
| ii)      Audit Evidence                         |
| iii)      Reliance on other auditors & Experts. |
| iv)      Techniques of Vouching                 |
| v)      Engagement Letter                       |
- Q.No.8      Distinguish between
- |  |
|--|
| i)      Auditing and Accounting                  |
| ii)      Internal auditors and External auditors |
| iii)      Audit and Investigation                |



**KARACHI UNIVERSITY BUSINESS SCHOOL**  
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**FINAL EXAMINATION**  
**AFFILIATED COLLEGES/INSTITUTE EXAMINATION**  
**AUDITING: BA (M) – 612**  
**MBA – IV**

**Time: 2:30 to 5:30**

**Max Marks: 60**

**Date: December 29, 2006**

**INSTRUCTIONS: ATTEMPT ANY FIVE QUESTIONS.**

- Q#1 Distinguish between partial audit and complete audit. How far investigation is different from audit?
- Q#2 You have been appointed to conduct the annual audit of M/S Essa Cement Ltd. For the year Dec 31, 2006. Enumerate and explain the steps that will be taken by you to carry your assignment till completion of the audit work.
- Q#3 What documents are prepared by the auditor while conducting an audit. What is the justification and importance of such documents?
- Q#4 What is meant by internal control? Explain the essential features for an effective internal control.
- Q#5 Distinguish between audit techniques and audit evidence, Enumerate various types of evidences only together with the technique that would be suitable for each evidence.
- Q#6 Explain in detail steps required to verify credit sales and accounts receivable.
- Q#7 Write short notes on any three of the following:
- a) Accounts and Accountancy
  - b) Audit and Auditing
  - c) Internal Audit and Internal Check
  - d) Sampling and Testing
  - e) Concealed Errors and Unconcealed Errors.