



University of Kelaniya – Sri Lanka

External Examinations Branch

Faculty of Commerce and Management

Bachelor of Commerce (Special) Degree Examination (External) – 2009

Year II

October/ November 2010

BCOME 2063 – Auditing

No. of questions: Five (05)

Time: 03 hours

Answer all questions.

(01) a) Distinguish the audits from related services.

(05 marks)

b) Identify the difference between Reviews, Agreed-upon procedures and Compilations engagements.

(15 marks)

(Total 20 marks)

(02) Every professional should implement policies and procedures to maintain the quality of their service.

a) At which levels that the auditor should implement quality control policies and procedures.

(02 marks)

b) Briefly explain the quality control procedures that can be applied by the auditor at individual audit level when delegate work to assistants.

(06 marks)

c) Discuss the areas in line with the objectives of the quality control policies that should be adopted by an audit firm.

(12 marks)

(Total 20 marks)

(03) a) What is the objective of an audit of financial statements.

(03 marks)

b) What are the ethical principles governing the auditor's professional responsibilities.

(07 marks)

c) Explain the three components of audit risk.

(10 marks)

(Total 20 marks)

(04) a) Distinguish the fraud from error.

(02 marks)

b) Briefly explain the various types of fraudulent activities possible in entity's financial statements.

(06 marks)

c) Discuss the importance of obtaining an understanding over internal control system, by the auditor prior to commence the audit.

(12 marks)

(Total 20 marks)

(05) Briefly explain the followings.

- a) The auditor
- b) Vouching
- c) Recurring audits
- d) Documentation
- e) Integrity

(Total 20 marks)