

**INSTITUTE OF COST AND MANAGEMENT ACCOUNTANTS
OF PAKISTAN**

PROFESSIONAL-III EXAMINATION-SPRING (SUMMER), 2006

Sunday, the 28th May, 2006

836

AUDITING

Time Allowed—2 Hours 45 Minutes

Maximum Marks—84

- (i) Attempt SIX questions, including Question 1 (MCQs). Question No. 5 carries 20 marks and is compulsory. All other questions carry 16 marks each.
- (ii) Answers must be neat, relevant and brief.
- (iii) In marking paper, the examiners take into account clarity of exposition, logic of arguments, effective presentation and language.
- (iv) Read the instructions printed on the top cover of answer script CAREFULLY before attempting the paper.
- (v) DO NOT write your Name, Reg. No. or Roll No. anywhere inside the answer script.
- (vi) Question No. 1 — "Multiple Choice Question" printed separately, is an integral part of this paper.

	Marks
Q. 2 (a) Briefly discuss what is meant by the term "true and fair view" in the context of audit of financial statements?	10
(b) What points need to be considered by the reviewer at the time of review of audit fieldwork?	6
Q. 3 (a) What are the objectives of quality control in the context of audit?	10
(b) Briefly differentiate between the interim and continuous audit.	6
Q. 4 (a) Define and discuss supplementary information.	5
(b) Discuss four different types of opinion expressed in the auditor's report and when are these expressed?	11
Q. 5. Define Investigation. Discuss in detail the procedures to be adopted by the investigator to investigate misappropriation and manipulation of stocks.	20
Q. 6 (a) What should auditor consider while obtaining an understanding of the entity's process for determining fair value measurement and disclosures?	8

	(b) List down basic elements of an audit report.	<i>Marks</i> 8
Q. 7	(a) What procedures are adopted by an auditor to identify subsequent events upto the date of auditor's report?	8
	(b) Give eight examples of inquiries that you, as an auditor, will make from management relating to identification of events upto the date of your report.	8
Q. 8	(a) What are the responsibilities of the auditor in respect of the corresponding figures stated in the financial statements, which are currently being audited by the auditor?	10
	(b) List down six examples where external confirmation may be used.	6

THE END