



UNIVERSITY OF RUHUNA
FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration Degree Programme 3000 Level Second Semester

End Examination - March 2022

Academic Year 2021/2022

ACC 32103 – Audit and Assurance

Duration: Three hours

The Question paper contains six questions.

Instructions:

- Answer only five questions.

01). A). What is the objective of a financial statement audit?

(04 Marks)

B). Briefly describe the key ethical principles governed the behavior of a professional accountant.

(05 Marks)

C). Write a brief note on “Assurance engagements” that a practitioner can perform depending on the need of the client organization.

(05 Marks)

(Total Marks 14)

02). A). What are the inherent limitations within an internal control system?

(04 Marks)

B). Describe key components of an internal control system with examples.

(05 Marks)

C). “In performing an audit, auditor cannot give an absolute assurance due to the Audit Risk.”

Describe different types of Audit Risks with examples.

(05 Marks)

(Total Marks 14)

03). A). Discuss the purpose of preparing audit engagement letters and list out key information available in an audit engagement letter.

(04 Marks)

B). What are the significant judgements made by external auditor with regarding the use of internal audit function? and, provide some examples for different types of internal audit work that can be used by the external auditor.

(05 Marks)

C). Describe the meaning of “materiality” and discuss the factors to be considered in deciding materiality.

(05 Marks)

(Total Marks 14)

04). A). List out the main objectives of planning an audit.

(04 Marks)

B). Briefly describe the methods of collecting audit evidence for a financial statement audit.

(05 Marks)

C). Define the term “fraud” and explain how “frauds” can be distinguished from “errors”.

(05 Marks)

(Total Marks 14)

05). A). What are the different doubts that can be affected to the concept of going concern?

(04 Marks)

B). Briefly describe the key contents of an audit report.

(05 Marks)

C). “Auditors can prepare different types of audit report with different opinions depending on various scenarios”.

Briefly describe the types of audit reports and opinions with examples.

(05 Marks)

(Total Marks 14)

(06) Briefly explain the any four (04) pairs of the followings.

- I. Performance audit and Compliance audit
- II. Current file and permanent file
- III. Professional judgement and Professional skepticism
- IV. Sufficiency and appropriateness of audit evidence
- V. Final audit and continuous audit

(3.5 Marks each)

(Total Marks 14)
