

COMMERCIAL AND INDUSTRIAL LAW AND AUDITING

COMMERCIAL AND INDUSTRIAL LAW

LAWS OF CONTRACT

- Q1. An agreement with insufficiency of consideration is void abinitio.
[Ref: Q1. (a), Dec '08 / Paper-6] 2
- Q2. Mr. Ramesh promised to pay Rs. 10,000/- on 30.10.08 jointly to Mr. Bhabesh and Mr. Naresh for some consideration. Mr. Bhabesh died on 1.9.08. On 30.10.08 Mr. Naresh demanded payment of whole amount of Rs. 10,000/-. Whether Mr. Naresh is justified?
[Ref: Q2. (a), Dec '08 / Paper-6] 2
- Q3. BEE owes Rs. 10,000/- to CEE. Amount was guaranteed by GEE. Said debt becomes payable on 25.10.07. CEE does not sue BEE. Hence due to delay GEE is automatically discharged from his suretyship. — Comment.
[Ref: Q2. (b), Dec '08 / Paper-6] 2
- Q4. An agent retained all the stock and other papers of a principal until his pending dues are cleared by the principal. State legal position.
[Ref: Q2. (e), Dec '08 / Paper-6] 2
- Q5. Mr. Ramesh direct his agent to sell his Maruti car. Agent buys the car for himself but in the name of his friend at Rs. 50,000/- against market price of Rs. 70,000/- without the consent of Mr. Ramesh. What action Mr. Ramesh can take?
[Ref: Q2. (g), Dec '08 / Paper-6] 2
- Q6. Time is the essence of contract.
[Ref: Q4. (a) (i), Dec '08 / Paper-6] 4
- Q7. Misrepresentation.
[Ref: Q4. (a) (iv), Dec '08 / Paper-6] 4
- Q8. Every person is competent to contract.
[Ref: Q1. (d), June '09 / Paper-6] 2
- Q9. 'A' saved life of 'B', who was drawing. Later 'A' demanded remuneration from 'B' for saving him since saving of life was valid consideration, 'A' would succeed.
[Ref: Q1. (g), June '09 / Paper-6] 2
- Q10. 'A' executed a guarantee in favour of State Bank of India as Security for a loan to 'B'. Later 'A' contended that the guarantee was not enforceable as it was not supported by consideration as he was not paid guarantee commission. Is 'A's stand correct in law?
[Ref: Q2. (c), June '09 / Paper-6] 2
- Q11. 'A' is owner of the factory building and also of product. 'A' authorises 'B' to take an insurance policy on factory building for Rs. 2 lacs. 'B' procures a policy for Rs. 2 lacs on factory and another policy for Rs. 2,000 on products. 'A' refused to reimburse to 'B'.
[Ref: Q2. (g) (i), June '09 / Paper-6] 2

- Q12. What is fraud under Indian Contract Act, 1872? [Ref: Q3. (i), June '09 / Paper-6] 2
- Q13. Write explanatory notes on Effects of 'coercion' on a contract. [Ref: Q4. (a) (i), June '09 / Paper-6] 4
- Q14. Write explanatory notes on Bailee's particular lien. [Ref: Q4. (a) (iii), June '09 / Paper-6] 4
- Q15. Mr. B (a broker) by the orders of Mr. A purchases 10 Drums of oil for A from Mr. C. Afterwards Mr. A refuses to receive oil. Mr. C sues Mr. B who informs Mr. A but Mr. A repudiates the contract. Although Mr. B defends but failed. Mr. B has to pay cost, damages and incurs expense. Can B recover any amount from A? [Ref: Q4. (b), June '09 / Paper-6] 2
- Q16. Mr. Sham, agree to sale Mr. Ram 10 bags of wheat out of 100 bags lying in his godown for Rs. 10,000/- wheat is completely destroyed by fire. Mr. Ram cannot compel Mr. Sham to supply wheat as per contract. [Ref: Q1. (f), Dec. '09 / Paper-6] 2
- Q17. 'B' offered to sell his car to 'A' for Rs. 75,000/-. 'A' accept to purchase at rs. 74,950/-. 'B' refuses. Subsequently 'A' agrees to purchase at Rs. 75,000/- but 'B' refused. 'A' sued 'B' for specific performance of the contract. State legal position. [Ref: Q2. (d), Dec. '09 / Paper-6] 2
- Q18. Mr. A approached Union Bank for loan of Rs. 1,00,000 which was not available from others due to tight money market. Bank agreed but at a high of interest. Mr. A accepted. Can he repudiate on the ground of undue influence? [Ref: Q2. (h), Dec. '09 / Paper-6] 2
- Q19. Write short note on :
Agency of necessity. [Ref: Q3. (a)(v), Dec. '09 / Paper-6] 4
- Q20. In a contract with employer an employee agrees not to institute any legal proceeding against his employer. Can the agreement be enforced by the employer? [Ref: Q4. (f), Dec. '09 / Paper-6] 2
- Q21. Statesman publishes at the request of Mr. D. D. a libel upon Mr. S.S. Mr. D.D. agree to indemnify the Statesman the consequence of the publication if any. Mr. S. S. sued Statesman to pay damage. Statesman paid Rs. 2,00,000 to Mr. S. S. and demanded the amount from D.D. who refused. State legal provisions. [Ref: Q4. (i), Dec. '09 / Paper-6] 2
- Q22. Discuss the position of Agent appointed by minor. [Ref: Q2. (c), June '10 / Paper-6] 2
- Q23. Write short notes on :
Undue influence [Ref: Q3. (a)(i), June '10 / Paper-6] 4
- Q24. A saved life of 'B', when 'B' was drowning. Later 'A' sued 'B' for remuneration/reward because saving life was the consideration received by 'B'. State based on Rules whether 'A' would succeed? [Ref: Q4. (b), June '10 / Paper-6] 2
- Q25. Mr. Roy give Mr. Ghosh on hire, a horse for his own riding but Mr. Ghosh drives the horse in his carriage. What action Mr. Roy can take? [Ref: Q4. (a), June '10 / Paper-6] 2
- Q26. Mr. Tarafder instruct Mr. Kinkar a merchant to buy a ship for him. Mr. Kinkar employs a renowned ship surveyor to choose a seaworthy ship for Mr. Tarafder. The ship turns out to be unseaworthy and is lost. Mr. Kinkar, who is against, is responsible. [Ref: Q1. (g), June '10 / Paper-6] 2

- Q27. Mr. Roy sells by auction, to Mr. Paul a cow which Mr. Roy knows to be unsound. Mr. Roy says nothing to Mr. Paul about the cow's unsoundness. This is a clear case of fraud by Mr. Roy.
[Ref: Q1. (c), June '10 / Paper-6] 2
- Q28. Mr. "A" agrees that Mr. A shall sell Mr. B a house for Rs. 1,00,000 but if Mr. B uses the house for 'Gambling House' then Mr. B shall pay Rs. 1,50,000 for the same. Explain the legality.
[Ref: Q2. (a), June '10 / Paper-6] 2
- Q29. A contract without adequate consideration is not a contract — offer your views.
[Ref: Q2. (b), June '10 / Paper-6] 2
- Q30. A counter offer constitutes an acceptance of an offer. [Ref: Q1. (e), Dec. '10 / Paper-6] 2
- Q31. Death or insanity of the proposer automatically revokes the proposal.
[Ref: Q1. (f), Dec. '10 / Paper-6] 2
- Q32. Mr. Roy consigns some fruits to his agent Mr. Paul at Mumbai with direction to send those fruits to Mr. Paul sold fruits, which were spoiling at Mumbai below cost price without prior consent of Mr. Roy. Whether Mr. Paul's action was valid?
[Ref: Q2. (a), Dec. '10 / Paper-6] 2
- Q33. Mr. Bose is indebted to Mr. Das and Mr. Ghosh is the surety. When Mr. Bose and Mr. Ghosh refused to pay, Mr. Das used the surety (Mr. Ghosh) who paid the amount and cost as per orders of the court. Can the surety recover the amount from Mr. Bose?
[Ref: Q2. (b), Dec. '10 / Paper-6] 2
- Q34. Performance of a contract may be made only by the parties to the contract. Comment.
[Ref: Q2. (d), Dec. '10 / Paper-6] 2
- Q35. Mr. Saxena a Pledgee incurred extra-ordinary expense for preservation of goods pledged. Pledgee refused to return such goods till the payment is settled, can he retain?
[Ref: Q1. (a), June. '11 / Paper-6] 2
- Q36. Mr. Sadhu offers to sell his house to Mr. Sarkar at Rs. 221 lakh but by mistake makes the offer in writing for Rs. 212 lakh which was accepted by Mr. Sarkar. Can Mr. Sadhu plead the mistake as defence?
[Ref: Q1. (b), June. '11 / Paper-6] 2
- Q37. Mr. Adarsh was due to perform on 20th February but on 17th February 2011 repudiated his obligation. On 25th February the Contract became illegal through a change in Law. Mr. Vasant the other Party requested you to advise action against Mr. Adarsh.
[Ref: Q2. (d), June. '11 / Paper-6] 2
- Q38. Mr. Bose directs Mr. Roy to sell wheat for which Mr. Bose agreed to pay 10% Commission on the price fetched by the Goods. Mr. Bose afterwards by a letter revokes Mr. Roy's Authority. But before receiving that revocation letter Mr. Roy sold wheat for Rs. 10,000. Mr. Bose refused to Pay Commission to Mr. Bose refused to Pay Commission to Mr. Roy. Offer your views.
[Ref: Q2. (e), June. '11 / Paper-6] 2
- Q39. What is 'fraud'? [Ref: Q2. (f), June. '11 / Paper-6] 4

- Q40. State the different kinds or types of Bailment. [Ref: Q3. (b), June. '11 / Paper-6] 4
- Q41. Mr. Sham informs Mr. Ram that Mr. Sham's estate is free from encumbrances. Mr. Ram buys the property fully relying on Mr. Sham. Subsequently it revealed that the estate was mortgaged. What will be position of Mr. Ram? [Ref: Q4. (d), Dec. '09 / Paper-6] 2
- Q42. Mr. Roy give Mr. Ghosh on hire, a horse for own riding but Mr. Ghosh drives the horse in his carriage. What action Mr. Roy can take? [Ref: Q4. (a), June '10 / Paper-6] 2
- Q43. A saved life of 'B' when B was drowning Later 'A' sued 'B' for remuneration/reward because saving life was the consideration received by 'B'. State based on Rules whether 'A' would succeed? [Ref: Q4. (b), June '10 / Paper-6] 2
- Q44. Write short note on :
Effects of 'coercion' on a contract. [Ref: Q3. (a)(i), Dec. '10 / Paper-6] 4
- Q45. How the surity is discharged from liability? [Ref: Q4. (a)(i), Dec. '10 / Paper-6] 4
- Q45. A Das entered into contract to sing for B. Roy at a concert for Rs. 10,000/- which was received in advance. A Das being too ill could not sing. B Roy demanded compensation for loss of profit which he would have made if A. Das had been able to sing. State B. Roy's right. [Ref: Q4. (a)(ii), Dec. '10 / Paper-6] 2
- Q46. All consideration or objects of an agreement are not lawful. — Justify. [Ref: Q3. (e), June '11 / Paper-6] 2
- Q47. Write short note on :
Anticipatory Breach of contract. [Ref: Q4. (a)(i), June '11 / Paper-6] 4

LAWS RELATING TO SALE OF GOODS

- Q1. Mr. X offers to sell his Maruti car to Mr. Y for and intended sum of Rs. 90,000/- but by mistake he makes an offer in writing for Rs. 70,000/- instead of Rs. 90,000. Mr. X can plead mistake as defence. [Ref: Q1. (c), Dec '08 / Paper-6] 2
- Q2. Mr. X delivered 1000 mt. steel pipes to Mr. Y. 100 mt. were not as per specification, hence Mr. Y refused to accept and informed Mr. X to take back at his cost and risk. Mr. X rejected Mr. Y's request and demanded to return to Mr. X freight paid. State the correct position. [Ref: Q1. (d), Dec '08 / Paper-6] 2
- Q3. What will be the consequences when goods are sold by a person not the Owner and without Owner's consent. [Ref: Q3. (a), Dec '08 / Paper-6] 4
- Q4. Rights of the unpaid seller. [Ref: Q4. (a) (iii), Dec '08 / Paper-6] 4
- Q5. Sale and agreement to sell. [Ref: Q4. (a) (v), Dec '08 / Paper-6] 4
- Q6. Comment on the following statements based on legal provisions :
An hirer, who obtains possession of a car from its owner under a hire purchase agreement, sells the car to a buyer who buys in good faith and without notice of the right of the owner. The buyer gets good title to the car. [Ref: Q1. (a), June '09 / Paper-6] 2
- Q7. Mr. A agreed to purchase 100 bales of cotton from 'B' from his large stock. 'A' sent his men to take delivery of cotton. On completion of packing of only 70 bales, there was accidental fire and entire stock including packed 70 bales were destroyed. There was no Insurance cover. Who will bear the loss? [Ref: Q2. (b), June '09 / Paper-6] 2
- Q8. State the rights and liabilities of 'A' in the following cases :
'A' authorises 'B' to buy 500 pieces of Sunlight soap for him but 'B' buys 500 pieces Sunlight and 200 pieces Henko at a total price of Rs. 5000. 'A' refused to pay to 'B'. [Ref: Q2. (g) (ii), June '09 / Paper-6] 2
- Q9. An Auctioneer advertised in a newspaper that a sale of office furniture will be held at Kolkata on 29.11.2009. 'A' came from New Delhi to buy the furniture but the auction was cancelled. Whether 'A' can file a suit against the auctioneer for his loss of time and cost. [Ref: Q2. (g) (iii), June '09 / Paper-6] 2
- Q10. A minor can be appointed as agent. — Comment. [Ref: Q3. (b), June '09 / Paper-6] 2
- Q11. In an Auction sale, a bid once made can be withdrawn by the Bidder. Comment citing rules. [Ref: Q3. (d), June '09 / Paper-6] 2
- Q12. Stipulation as to time of payment is deemed to be essence of a contract of sale. — Comment. [Ref: Q3. (e), June '09 / Paper-6] 2

- Q13. As per sales order A is to supply 20 MT of sugar to B. A however supplied 22 MT and billed for accordingly. B paid cost of 20 MT which was ordered by B. Can A take any action against B?
[Ref: Q3. (f), June '09 / Paper-6] 2
- Q14. When property passes to the buyer under 'goods on approval' or 'on sale or return'?
[Ref: Q3. (g), June '09 / Paper-6] 2
- Q15. A Railway company refuses to deliver certain goods to the consignee except upon payment of Rs. 2000 being excess/illegal charge. The consignee paid the said amount in order to obtain the goods. Is there any remedy?
[Ref: Q3. (h), June '09 / Paper-6] 2
- Q16. Write explanatory notes on Seller's lien. [Ref: Q4. (a) (v), June '09 / Paper-6] 4
- Q17. Write short note :
Termination of lien. [Ref: Q3. (a), Dec. '09 / Paper-6] 4
- Q18. On 30-11-2009 Mr. Sham agree to sell a painting to Mr. Ram for Rs. 5,000 but Mr. Sham died on 08-12-2009. Mr. Sham's son claimed Rs. 10,000. Can Mr. Ram obtain the painting at Rs. 5,000 which was agreed to by Mr. Sham?
[Ref: Q4. (c), Dec. '09 / Paper-6] 2
- Q19. Mr. Ram gives some diamond to Mr. Sham on "sale or return" basis. On the same day, Mr. Sham gives those diamonds to Mr. Jadu on "sale or return" basis. Those diamonds were lost from Mr. Jadu on the same day, who will bear the loss? [Ref: Q4. (e), Dec. '09 / Paper-6] 2
- Q20. Mr. Roy sells by auction, to Mr. Paul a cow which Mr. Roy knows to be unsound. Mr. Roy says nothing to Mr. Paul about the cow's unsoundness. This is a clear case of fraud by Mr. Roy.
[Ref: Q1. (c), June '10 / Paper-6] 2
- Q21. Mr. 'A' agrees that Mr. A shall sell Mr. B a house for Rs. 1,00,000 but if Mr. B uses the house for 'Gambling I-louse' then Mr. B shall pay Rs. 1,50,000 for the same. Explain the legality.
[Ref: Q2. (a), June '10 / Paper-6] 2
- Q22. Sale and Bailment are same. Do you agree? [Ref: Q4. (c), June '10 / Paper-6] 4
- Q23. An exchange of goods for goods is a sale. Comment with Rules position.
[Ref: Q2. (d), June '10 / Paper-6] 2
- Q24. When sale is complete in an Auction. [Ref: Q2. (e), June '10 / Paper-6] 2
- Q25. Sale and Agreement to sale are same. [Ref: Q1. (d), June '10 / Paper-6] 2
- Q26. Right of resale. [Ref: Q3. (a)(ii), June '10 / Paper-6] 4
- Q27. Termination of lien (Sale of Goods Act) [Ref: Q4. (a)(iv), June '10 / Paper-6] 4
- Q28. Mr. X accepted certain goods of Mr. Y for delivery at Durgapur. When the driver of the truck which was carrying the Goods went for lunch, the Goods were stolen. There was no insurance. Mr. Y has no remedy. [Ref: Q1. (b), Dec. '10 / Paper-6] 2

- Q29. Mr. X buys a ring from Mr. Y at a low price employing 'undue influence' and sells the ring to Mr. Z who purchased against consideration and without knowing of Mr. X's 'undue influence'. Can Mr. Y recover the ring from Z? [Ref: Q2. (c), Dec. '10 / Paper-6] 2
- Q30. Mr. Bose settled the price after selecting two chairs. He arranges to take delivery of chairs next day and agrees to pay next month. Said chairs were destroyed by fire before delivery. Seller demanded the price. Mr. Bose refused. State legal position. [Ref: Q2. (e), Dec. '10 / Paper-6] 2
- Q31. Exceptions to 'implied condition as to quality or fitness'. [Ref: Q3. (a)(ii), Dec. '10 / Paper-6] 4
- Q32. Distinguish between 'condition' and warranty' (Sale of Goods Act). [Ref: Q4. (b)(ii), Dec. '10 / Paper-6] 4
- Q33. "Only the owner of goods can transfer a good title — none else" but there are some exception. Can you cite at least 2 such exceptions with detailed provision. [Ref: Q2. (g), June '11 / Paper-6] 4
- Q34. What are the essentials of a contract of Sale? [Ref: Q3. (c), June '11 / Paper-6] 4
- Q35. Write short note on : Termination of lien (Sale of Goods Act) [Ref: Q4. (a)(iv), June '11 / Paper-6] 4

INDUSTRIAL LAWS

- Q1. Write short note on :
Consumer (Consumer Protection Act 1986) [Ref: Q3. (a)(v), June '10 / Paper-6] 4
- Factories Act :**
- Q1. Personnel Manager told to Director that at least one canteen shall be provided in every factory. Do you agree? [Ref: Q2. (d), Dec '08 / Paper-6] 2
- Q2. Occupier of a factory in relation to the company means factory Manager of the factory. Answer based on legal provision. [Ref: Q2. (e), June '09 / Paper-6] 2
- Q3. As per provision of Factories Act, every factory is to appoint at least one Welfare Officer—Do you agree? Answer citing rules. [Ref: Q3. (a), June '09 / Paper-6] 2
- Q4. Creches are compulsory in a factory where women employees are employed. [Ref: Q1. (g), Dec. '09 / Paper-6] 2
- Q5. Factories Act. Provides certain precaution measures in case of fire — give details. [Ref: Q2. (f), June '10 / Paper-6] 4
- Q6. Working hours for children. [Ref: Q3. (a)(iv), June '10 / Paper-6] 4
- Q7. Manager of the factory fixed the working hours of women from 6:00 P.M. to 1:00 A.M. during the period from Monday to Friday of first week of May 2010. Whether it is permissible, cite with Rule position. [Ref: Q4. (d), June '10 / Paper-6] 2
- Q8. As per factories Act. “First Aid Boxes” shall be provided and maintained not less than one for every 200 workers ordinarily engaged. [Ref: Q4. (e), June '10 / Paper-6] 2
- Q9. As per Factories Act, Canteen is mandatory in all the factories. [Ref: Q1. (c), June '10 / Paper-6] 2
- Q10. Write short note on : Over crowding (Factory Act). [Ref: Q3. (a)(iii), Dec. '10 / Paper-6] 4
- Q11. What is the normal time for payment of Wages (factories Act). [Ref: Q4. (c)(i), Dec. '10 / Paper-6] 4
- Q12. Occupier of a Factory means the person who occupies and resides in the factory—offer your views. [Ref: Q1. (d), June '11 / Paper-6] 2
- Q13. On 2.1.11 Mr. Nair met an accident and injured in the factory. He was treated in ESI Hospital free. On joining duty, on 4.11.11, he claimed disablement compensation but employer refused. Advise Mr. Nair how to receive the amount. [Ref: Q1. (e), June '11 / Paper-6] 2

Industrial Dispute Act :

- Q1. Dr. B has been dismissed by the Manager of an Industrial Establishment. Workmen demanded his reinstatement. Comment legal position. [Ref: Q2. (i), Dec. '08 / Paper-6] 2
- Q2. 'A' (workman), is laid-off by his employer 'B' because of strike in another part of B's establishment. 'A' is entitled to get compensation for lay off under the Industrial Disputes Act, 1947. [Ref: Q1. (e), June '09 / Paper-6] 2
- Q3. A factory owner can close a place of employment of his own. [Ref: Q1. (c), Dec. '09 / Paper-6] 2
- Q4. The Charitable Institutions are not industry (Industrial Disputes Act, 1947). Do you agree? [Ref: Q4. (i), Dec. '09 / Paper-6] 2
- Q5. Write short note : Award – Ind. Disputes Act. [Ref: Q3. (a)(iii), Dec. '09 / Paper-6] 2
- Q6. What is negotiation? [Ref: Q4. (g), June '10 / Paper-6] 2
- Q7. Duties of occupier. [Ref: Q4. (a)(iii), June '11 / Paper-6] 4

Workman Compensation Act :

- Q1. Workmen working in a public utility services have right to go on strike even without giving notice. [Ref: Q1. (g), Dec. '08 / Paper-6] 2
- Q2. In case of personal injury, the employer is liable to pay compensation within 3 months from the date when it fall due. State legal provisions. [Ref: Q2. (c), Dec. '08 / Paper-6] 2
- Q3. A workman while returning home after duty was murdered within the premises of the employer. A's widow is not entitled to compensation under the Workmen's Compensation Act 1923. [Ref: Q1. (f), June '09 / Paper-6] 2
- Q5. Mr. A a workman while working was attacked by another workman at the instance of an outsider and consequently Mr. A was injured. Whether employer was responsible. [Ref: Q2. (g), Dec. '09 / Paper-6] 2
- Q6. National extension. [Ref: Q3. (a)(iv), Dec. '09 / Paper-6] 4
- Q4. Under what circumstances compensation is not payable (Workmens Compensation Act 1923.) [Ref: Q2. (g), June '10 / Paper-6] 4
- Q7. Under what circumstances compensation is not payable (Workman Compensation Act. 1923). [Ref: Q2. (g), June '10 / Paper-6] 4
- Q8. Under what circumstances compensation is not payable (Workman Compensation Act. 1923). [Ref: Q2. (g), June '10 / Paper-6] 4

Payment of Wages Act, Minimum Wages Act :

- Q1. Permissible deduction under Payment of Wage Act. [Ref: Q4. (a) (ii), Dec. '08 / Paper-6] 2
- Q2. Powers of Inspectors (Minimum Wage Act). [Ref: Q4. (a) (ii), June '09 / Paper-6] 2
- Q3. Wages of all the workers shall be paid before 5th of following month.
[Ref: Q1. (a), Dec. '09 / Paper-6] 2
- Q4. Mr. Sham was terminated from employment by the employer on 25/11/2009. Personnel Manager directed him to collect his wages earned on 01/12/2009. Mr. Sham objected to the date. State legal provisions as to the date of payment. [Ref: Q3. (b), Dec. '09 / Paper-6] 2
- Q5. Manager of ABC Ltd. told that total amount of deduction which may be made from the wages of any workman during a month shall not exceed 90% of such wages. – State legal provisions.
[Ref: Q4. (b), Dec. '09 / Paper-6] 2
- Q6. Mr. Malhotra, Factory Manager, stated that payment of wages can also be made in kind. (Minimum Wages Act. 1948)—offer you views. [Ref: Q1. (f), June '11 / Paper-6] 2
- Q7. Mr. Bakshi wants to submit claims arising out of deduction made contrary to the provision of the Act from his wages, by his Employer. Following information be informed (Payment of Wages Act) :
- (i) Besides the Employee, who can apply to the Authority for direction for refund and compensation?
 - (ii) Time limit within which to apply?
 - (iii) Besides refund of deducted amount, whether any compensation is allowed?
- [Ref: Q3. (d), June '11 / Paper-6] 2+1+1

Provident Funds Act :

- Q1. When and under what circumstances a person can received pension under Employees Provident Fund Scheme? [Ref: Q2. (h), Dec. '08 / Paper-6] 2
- Q2. Mr. Sham joining on 01-11-2009 as an accountant wanted to become member of PF from 01-11-2009 but personnel manager disagreed. [Ref: Q1. (d), Dec. '09 / Paper-6] 2
- Q3. During 2001-2002, the number of employees were 50 and subsequently reduced to 10 during 2009-2010, Employer discontinued deduction as EPF not applicable due to reduction of Employees. [Ref: Q1. (b), June '10 / Paper-6] 2
- Q4. Employees Deposit Linked Insurance. [Ref: Q3. (a)(iv), Dec. '10 / Paper-6] 4
- Q5. Employees Provident Fund Scheme applies to Sick Industrial Undertaking with the same Rate of Contribution at par with others. Do you agree? [Ref: Q2. (b), June '11 / Paper-6] 2
- Q6. Write short on : Protection from attachment (EPF Act 1952)
[Ref: Q4. (a)(v), June '11 / Paper-6] 4

Payment of Bonus Act :

- Q1. Every employee in an establishment is entitled to bonus under the Payment of Bonus Act. [Ref: Q1. (b), Dec. '08 / Paper-6] 2
- Q2. A dismissed employee is not entitled to bonus under Bonus Act. — Comment, based on legal provision. [Ref: Q4. (b), Dec '08 / Paper-6] 2
- Q3. Is there any time limit for payment of Bonus under Bonus Act? [Ref: Q2. (d), June '09 / Paper-6] 2
- Q4. A dismissed employee who was reinstated without wages for the period of dismissal is entitled to bonus. [Ref: Q1. (a), Dec. '10 / Paper-6] 2
- Q5. 'Available surplus' 'Allocable surplus'. [Ref: Q3. (a)(v), June '10 / Paper-6] 4

Payment of Gratuity Act :

- Q1. Calculate the amount of gratuity of Mr. X who joined the company on 1.5.78 and retired on 30.11.08 when his salary was Rs. 26,000/- per month. During November, 2008 he received overtime and incentive Rs. 5,000/-. [Ref: Q2. (f), Dec '08 / Paper-6] 2
- Q2. Every employee, whose salary is not more than Rs. 3500 per month is entitled to Gratuity as per Payment of Gratuity Act. State the legal provision if not correct. [Ref: Q2. (f), June '09 / Paper-6] 2
- Q3. Write explanatory notes on Recovery of Gratuity. [Ref: Q4. (a) (iv), June '09 / Paper-6] 4
- Q4. Mr. Sham, who retired on 30/11/2009, did not vacate office quarter which was provided by his employer. Employer withheld the Gratuity to force him to vacate the quarter. [Ref: Q1. (e), Dec. '09 / Paper-6] 2
- Q5. Whether Mr. Sham who joined the company on 01/07/2009 and died on 30/11/2009 is entitled to Gratuity. Answer citing Rules. [Ref: Q4. (a), Dec. '09 / Paper-6] 2
- Q6. Gratuity can be attached in execution of a decree or order of any civil revenue or criminal court. [Ref: Q1. (a), June '10 / Paper-6] 2
- Q7. When and to whom gratuity is payable? [Ref: Q4. (a) (iv), June '10 / Paper-6] 4
- Q8. Payment of Gratuity Act, 1972 applies to the all factories. [Ref: Q1. (d), June '10 / Paper-6] 2
- Q9. Comment on the following statements based on legal provisions (No marks for wrong Reasons/Justification).
Gratuity can be attached in execution of a decree or order of any civil revenue or criminal court. [Ref: Q1. (a), June '10 / Paper-6] 2

- Q10. When and to whom gratuity is payable? [Ref: Q4. (f), June '10 / Paper-6] 4
- Q11. Retirement and superannuation (under Payment of Gratuity Act) are same. — Comment.
[Ref: Q3. (a), June '11 / Paper-6] 4
- Q12. Nomination once made cannot be changed (Payment of Gratuity Act)
[Ref: Q4. (a), June '11 / Paper-6] 2

Consumer Protection Act :

- Q1. Consumer under Consumer Protection Act, 1986 means persons who obtains goods for resale or for any commercial purpose. [Ref: Q1. (e), Dec. '08 / Paper-6] 2
- Q2. A complaint can be filed under Consumer Protection Act within 36 months from the date on which cause of action arose. [Ref: Q1. (c), June '09 / Paper-6] 2
- Q3. A Complaint can be filed under Consumer Protection Act within 30 days from the date on which the cause of action arose. [Ref: Q1. (b), Dec. '09 / Paper-6] 2
- Q4. Write short note on : Consumer (Consumer Protection Act. 1986)
[Ref: Q3. (b)(v), June '10 / Paper-6] 4
- Q5. An woman who had an abnormally sensitive skin bought Harris Tweed Coat and got rashes through wearing the Coat. Is there any breach of condition? Can the woman take shelter under Consumer Protection Act as the goods are hazardous to life & safety.
[Ref: Q2. (a), June '11 / Paper-6] 2

OTHER LAWS

NI Act :

- Q1. Make of a cheque is not liable under N.I. Act for dishonour of cheque under certain conditions. State such conditions. [Ref: Q3. (b), Dec '08 / Paper-6] 3
- Q2. Mr. E Draws cheque in favour of Mr. F (a minor). Mr. F endorses it in favour of Mr. G who in turn indorses in favour of Mr. H. The Cheque is dishonored by the bank. Discuss the rights of Mr. G and Mr. H and state against whom their rights can be exercised. [Ref: Q2. (a), Dec. '09 / Paper-6] 2
- Q3. A cheque for Rs. 10,000 was dishonored. Drawer of the cheque submitted valid reasons and justification. Due to relevant reasons for dishonor, the drawer is not responsible. Answer with legal provisions. [Ref: Q2. (e), Dec. '09 / Paper-6] 2
- Q4. Cheque for Rs. 2,00,000 issued by Mr. Nair was returned unpaid with remarks "Account Closed". Hence drawee has no remedy. Comment. [Ref: Q1. (e), June '10 / Paper-6] 2
- Q5. What is negotiation? [Ref: Q4. (g), June '10 / Paper-6] 2
- Q6. Mr. Saxena received cheque dated 02.05.2010 for Rs. 10,000 from Mr. Malhotra towards cost of furniture. On 13.11.10 Mr. Malhotra closed the Bank Account. What action Mr. Sexena can take to receive the amount against the cheque which is still with him. [Ref: Q3. (b), Dec. '10 / Paper-6] 2
- Q7. Ramen sold 50 Kg. of rice to Khagen who paid by cheque and Ramen gave the delivery order to Khagen. Khagen resold such rice to Bhaben who purchased on good faith and for consideration. Khagen's cheque was dishonoured. Ramen refused to deliver rice to Bhaben on the plea of non-payment. Advise Bhaven. [Ref: Q4. (b)(i), Dec. '10 / Paper-6] 2
- Q8. Write short note : Inchoate instrument (NI Act) [Ref: Q4. (a)(ii), June '11 / Paper-6] 4

RTI Act :

- Q2. Public Information Officer shall as expeditiously as possible and in any case within 30 days of receipt of request provide the required information. [Ref: Q1. (f), Dec '08 / Paper-6] 2
- Q1. Right of information does not include the right of obtaining information in the form of diskettes, floppy, tapes and video cassettes or in any other electronic mode. State correct position. [Ref: Q4. (g), Dec. '09 / Paper-6] 2
- Q2. Rights to Information Act 2004 provides that Public Information Officer is is required to furnish the Information within 15 days from the date of receipt of application with a fee Rs. 50. Comment. [Ref: Q1. (a), June '10 / Paper-6] 2

- Q3. How and to whom you will approach for “Information” under Rights to Information Act 2004?
[Ref: Q2. (c), June '11 / Paper-6] 2

Competition Commission Act :

- Q1. One mistake was detected after passing of orders by the Commission under Competition Act, 2002. Whether such mistake can be rectified? If so, by whom and how?
[Ref: Q3. (c), Dec '08 / Paper-6] 2
- Q2. What is dominant position (Competition Act, 2002)? [Ref: Q3. (c), June '09 / Paper-6] 2
- Q3. 'Predatory price means the sale of goods or provisions of services at price which is above cost with a view to reduce competition or, eliminate competition. Is it correct?
[Ref: Q2. (c), Dec. '09 / Paper-6] 2
- Q4. Objectives of Competition Act is to avoid competition. — Comment with legal provisions.
[Ref: Q2. (f), Dec. '09 / Paper-6] 2
- Q5. Write short note : Bid Rigging (Competition Act, 2002) [Ref: Q3. (a), Dec. '09 / Paper-6] 4
- Q6. Mr. Tarafder instruct Mr. Kinkar a merchant to buy a ship for him. Mr. Kinkar employs a renowned ship surveyor to choose a seaworthy ship for Mr. Tarafder. The ship turns out to be unseaworthy and is lost. Mr. Kinkar, who is agent, is responsible.
[Ref: Q1. (g), June '10 / Paper-6] 2
- Q7. A mistake apparent from the records was brought to the notice of Competition Commission by the affected Party. Can the affected Party get relief? [Ref: Q1. (c), June '11 / Paper-6] 2
- Q8. Complainant means any allegation made before the District forum.
[Ref: Q4. (g), June '11 / Paper-6] 2

Limited Liability Partnership :

- Q1. A limited liability Partnership is a body corporate. [Ref: Q1. (b), June '09 / Paper-6] 2
- Q2. How the profit of a limited liability partnership are treated for the purpose of Tax Acts?
[Ref: Q4. (h), Dec. '09 / Paper-6] 2
- Q3. Give correct answer if the following statements are wrong :
A limited liability partnership must ensure that
- (i) Where a person becomes or ceases to be designated member, notice is delivered to the Registrar within 30 days.
 - (ii) Where there is any change in the name or address of a member, notice is delivered to the Registrar within 30 days.

[Ref: Q3. (b), June '10 / Paper-6] 1+1

AUDITING

AUDITING BASICS-I

- Q1. Auditor can avoid checking of records where good internal check system exist.
[Ref: Q5. (c), Dec '08 / Paper-6] 2
- Q2. Auditor's primary responsibility is to detect errors and frauds.
[Ref: Q5. (e), June '09 / Paper-6] 2
- Q3. Auditors are to observe certain standards in field work and reporting under GAAP/GAAS.
—Explain. [Ref: Q6. (e), June '09 / Paper-6] 4
- Q4. Find out the difference between Indias' GAAP & US GAAP is respect of :
(i) Pre-operative Expense.
(ii) Foreign currency transaction. [Ref: Q7. (e), June '09 / Paper-6] 2+2
- Q5. As per India GAAP there is no requirement as to disclosure of assets and Liabilities. State the correct position.
[Ref: Q6. (a), Dec. '09 / Paper-6] 2
- Q6. As an auditor, how you will verify the loan against security of stock and shares?
[Ref: Q6. (b), Dec. '09 / Paper-6] 2
- Q7. How you will audit the Depreciation. [Ref: Q6. (g), Dec. '09 / Paper-6] 3
- Q8. Internal Check is said to have some fundamental aims. If so give details.
[Ref: Q6. (d), June '10 / Paper-6] 4
- Q9. Find out the difference between US—GAAP and India-GAAP in respect of R & D.
[Ref: Q6. (a), June '10 / Paper-6] 4
- Q10. Explain how the following are dealt with under the CARO :
(i) Inventory
(ii) Public Deposit [Ref: Q7. (a), June '10 / Paper-6] 4
- Q11. Comment on the following statements based on legal provisions.
(i) US GAAP is not different from India GAAP. [Ref: Q5. (a), June '10 / Paper-6] 2
(ii) Find out the difference between US-GAAP and India – GAAP in respect of R & D.
[Ref: Q6. (a), June '10 / Paper-6] 4
(iii) US GAAP is not different from India GAAP. [Ref: Q5. (a), June '10 / Paper-6] 2
(iv) A sum of Rs. 4,00,000 which was spent for trial production run was included in production cost. Give correct answer if this was wrong. [Ref: Q7. (a), June '10 / Paper-6] 2
(v) What are the disclosure requirement if the assets of a company are revalued?
[Ref: Q7. (b), June '10 / Paper-6] 2

- Q12. Cash flow statement with Annual Accounts is mandatory in case of all Public Companies.
[Ref: Q5. (a), Dec. '10 / Paper-6] 2
- Q13. IFRS applies to all entities & also to non-individual companies. The ICAI has decided to fully coverage with IFRS from Accounting period commencing from 1st January, 2010. Do you agree? Give correct reasons.
[Ref: Q7. (a)(ii), Dec. '10 / Paper-6] 2
- Q14. Explain the factors with act as guiding measures to the concept of materiality.
[Ref: Q7. (b), Dec. '10 / Paper-6] 4
- Q15. As an Internal Auditor, how would you examine the "Receivables"?
[Ref: Q7. (c), Dec. '10 / Paper-6] 4
- Q16. Expenditure on commissioning of the project including the cost of test run have been debited to Profit & Loss A/c as expense on Project.
[Ref: Q5. (b), June. '11 / Paper-6] 2
- Q17. What is Auditing in depth?
[Ref: Q5. (g), June. '11 / Paper-6] 2
- Q18. Concept of materiality in audit has no relevance. Do you agree?
[Ref: Q7. (d), Dec. '09 / Paper-6] 2
- Q19. How the previous year's transaction is adjusted and treated in current year's accounts?
[Ref: Q7. (f), Dec. '09 / Paper-6] 2
- Q20. Find out the difference between India's GAAP and US GAAP in respect of 'Related party transactions'.
[Ref: Q8. (g), Dec. '09 / Paper-6] 2
- Q21. It is mandatory that all the companies and the auditor shall disclose fundamental accounting assumptions in the accounts — State the correct position. [Ref: Q8. (h), Dec. '09 / Paper-6] 2
- Q22. State what are the items to be varified for conducting "Stores Accounting".
[Ref: Q7. (e), June. '10 / Paper-6] 4
- Q23. How you will verify provisions for taxation?
[Ref: Q8. (b), June. '10 / Paper-6] 3
- Q24. Find out the difference between India GAAP & US GAAP in respect of 'Assets & Liabilities'.
[Ref: Q8. (a), Dec. '10 / Paper-6] 2
- Q25. What are the Audit Technique?
[Ref: Q7. (a), June. '11 / Paper-6] 4
- Q26. How you will verify "Provision for dividend"?
[Ref: Q7. (a), June. '11 / Paper-6] 2
- Q27. Mr. S. K. Paria, joined the Company on 15.11.80 and superannuated on 31.5.11 when his total salary was Rs. 25,000 per month. His Employer paid Rs. 3,87,500 towards Gratuity. Whether the payment was correct? How you will deal in accounts assuming that all Gratuity was on Cash basis?
[Ref: Q7. (e), June. '11 / Paper-6] 2
- Q28. Name the Methods of obtaining "Audit Evidence". [Ref: Q8. (a), June. '11 / Paper-6] 2

AUDITING BASICS-II

- Q1. State the particulars which are to be included in the balance sheet of holding company of its subsidiary. [Ref: Q6. (d), Dec '08 / Paper-6] 4
- Q2. How as an Auditor you will verify the “contingent liability”? [Ref: Q7. (a), Dec '08 / Paper-6] 4
- Q3. How as an Auditor you will treat the amount received after 2 years? This was written off as Bad Debt. [Ref: Q7. (c), Dec '08 / Paper-6] 2
- Q4. Auditors are not required to get Inventory Valuation Certificate by the Company’s Management as he himself is qualified to ascertain the value. State the position. [Ref: Q8. (d), Dec '08 / Paper-6] 2
- Q5. As an Auditor how you will verify the “investment”? [Ref: Q8. (g), Dec '08 / Paper-6] 4
- Q6. When assets are revalued, the increase or decrease in value of fixed assets need not be shown in the Balance Sheet but should be adjusted in the Profit & Loss Account. [Ref: Q5. (b), June '09 / Paper-6] 2
- Q7. State in brief the important points that should be considered by an Auditor while conducting vouching. [Ref: Q6. (b), June '09 / Paper-6] 4
- Q8. State what aspects should be checked while conducting audit of ‘Bills receivables’. [Ref: Q6. (d), June '09 / Paper-6] 4
- Q9. How as an Auditor you will verify the ‘Sales Tax/VAT’? [Ref: Q7. (b), June '09 / Paper-6] 2
- Q10. How you will conduct the :
- (i) Physical verification of Fixed Capital Assets.
 - (ii) Idle facilities. [Ref: Q8. (b), June '09 / Paper-6] 2+2
- Q11. How will varify “Copy Right”? [Ref: Q7. (e), Dec. '09 / Paper-6] 3
- Q12. As an Internal Auditor how you will audit the “Sales Return”? [Ref: Q8. (e), Dec. '09 / Paper-6] 2
- Q13. Interest on loan for purchase of raw materials is included in the cost of production. [Ref: Q5. (f), Dec. '09 / Paper-6] 2
- Q14. Comment on the following statements based on legal provisions (No marks for wrong reasons).
- (a) US GAAP is not different from India GAAP.
 - (b) Auditor is not liable in case of honorary Audit. [Ref: Q5. (a)(b), June '10 / Paper-6] 2×2

- Q15. What are the basic items/areas you will consider for review of Fixed Capital assets?
[Ref: Q6. (b), June '10 / Paper-6] 4
- Q16. A sum of Rs. 4,00,000 which was spent for Trial Production run was included in Production Cost. Give correct answer if this was wrong. [Ref: Q7. (a), June '10 / Paper-6] 2
- Q17. What are the disclosure requirements if the assets of a company are revalued.
[Ref: Q7. (b), June '10 / Paper-6] 2
- Q18. Statutory Auditor is to give a certificate regarding compliance of corporate Governance which is annexed with the Director's Report. What are the documents and records to be checked by you before signing of such certificate. [Ref: Q7. (c), June '10 / Paper-6] 4
- Q19. How you will verify the interest received? [Ref: Q7. (f), June '10 / Paper-6] 4
- Q20. How you will verify Petty Cash? [Ref: Q8. (a), June '10 / Paper-6] 3
- Q21. How you will verify provision for taxation? [Ref: Q8. (b), June '10 / Paper-6] 5
- Q22. What is expected under the CARO regarding (a) Internal Audit and (b) Fraud.
[Ref: Q8. (c), June '10 / Paper-6] 2+2
- Q23. How you will verify the interest received? [Ref: Q7. (f), June. '10 / Paper-6] 4
- Q24. How you will verify Petty Cash? [Ref: Q8. (a), June. '10 / Paper-6] 3
- Q25. How you will vouch the interest paid? [Ref: Q6. (b), June. '11 / Paper-6] 2
- Q26. How you will check the 'Sales Return'? [Ref: Q5. (f), June. '11 / Paper-6] 2
- Q27. As an auditor how you will vouch "Sale of Securities"? [Ref: Q8. (b), June. '11 / Paper-6] 2

COMPANIES ACT PROVISIONS RELATING TO AUDITS

- Q1. Reserve not appearing on the balance sheet is a Secret Reserve and an Auditor is not supposed to verify it. Comment. [Ref: Q5. (b), Dec '08 / Paper-6] 2
- Q2. ABC Ltd. in its meeting held on 30.09.08 appointed Mr. X as Auditor of the company. Mr. X is holding Securities Valuing Rs. 500/- in that company from 01.01.07. Can he accept the appointment? [Ref: Q5. (g), Dec '08 / Paper-6] 2
- Q3. What are the contents of good Audit Report? [Ref: Q6. (a), Dec '08 / Paper-6] 4
- Q4. As an Auditor, mention the points and books to be checked in connection with issue of Corporate Governance Report. [Ref: Q6. (b), Dec '08 / Paper-6] 4
- Q5. Risk occurring due to insufficient or incompetent evidence collected by the auditors to express his opinion on the financial statement is called an Audit Risk. Is the statement correct? [Ref: Q6. (e), Dec '08 / Paper-6] 2
- Q6. Statutory Auditor can be appointed as Internal Auditor of the same company for the same period. — Do you agree? [Ref: Q7. (d), Dec. '08 / Paper-6] 2
- Q7. Audit Committee is only luxury to the company. Do you agree? [Ref: Q8. (f), Dec '08 / Paper-6] 2
- Q8. It is mandatory that provisions of Audit Committee is applicable to all the companies. [Ref: Q5. (a), June '09 / Paper-6] 2
- Q9. When Chairman of a Company is also a Mg. Director, the Companies Act provides the constitution of Board of Directors. [Ref: Q5. (c), June '09 / Paper-6] 2
- Q10. State the components of Audit risk. [Ref: Q6. (c), June '09 / Paper-6] 2
- Q11. Under certain circumstances the accounts of Branches may not be audited. Comment citing rule position. [Ref: Q7. (a), June '09 / Paper-6] 4
- Q11. Explain how the following are dealt with under CARO :
- (i) Transactions in which Directors are interested.
 - (ii) Internal Audit System. [Ref: Q7. (d), June '09 / Paper-6] 2+2
- Q12. (i) Ray & Bose, Chartered Accountants, who were appointed as Auditor for Financial Year 2008-09 were removed during the month of December 2008. Whether the said Auditor can claim any compensation?
- (ii) Statutory Auditor of the company is legally bound to attend the AGM of the company. State correct position.
 - (iii) Auditor has no liability under Companies Act, 1956. Do you agree? Answer citing Rules. [Ref: Q8. (d), June '09 / Paper-6] 1+1+4

- Q13. Comment on the following statements based on legal provisions (No marks for wrong reasons).
 (a) Besides statutory Audit by Chartered Accountants, Comptroller and Auditor General of India conducts Audit of Government Companies. Hence Internal Audit is not necessary in Government Companies.
 (b) Cost Audit is submitted to the Company within 90 days from the end of Company's financial year. [Ref: Q5. (c)(d), June '10 / Paper-6] 2×2
- Q14. State the matters that should be considered to determine the effects of computer information system environment on the Audit. [Ref: Q6. (c), June '10 / Paper-6] 4
- Q15. State what are the items to be verified for conducting "Stores Accounting". [Ref: Q7. (e), June '10 / Paper-6] 4
- Q20. Under what circumstances, Auditor has to Qualify his report. [Ref: Q8. (d), June '10 / Paper-6] 4
- Q21. It is mandatory to provide cash flow statement with annual accounts of all companies. Do you agree? [Ref: Q5. (b), Dec. '09 / Paper-6] 2
- Q22. ABC Ltd. has made provision for payment of dividend out of capital redemption reserve fund. [Ref: Q5. (g), Dec. '09 / Paper-6] 2
- Q23. As a Branch Auditor how you will conduct Branch Audit? [Ref: Q6. (f), Dec. '09 / Paper-6] 3
- Q24. Bright Ltd. was incorporated on 1.6.09. Mr. E who was related to the Chairman of the Company was appointed as Auditor of the Company by the Director in its meeting held on 14.7.09. Whether the appointment was valid? [Ref: Q7. (b), Dec. '09 / Paper-6] 3
- Q25. How you will deal with the following which have not been reflected in the company's accounts?
 (i) Plant valuing Rs. 10,000 was ordered before the year end but has not been delivered. [Ref: Q7. (c), Dec. '09 / Paper-6] 2
- Q26. Auditors is not liable in case of honorary Audit. [Ref: Q5. (b), June. '10 / Paper-6] 2
- Q27. In course of audit, auditor advised to amend the Profit & Loss A/c. which was faulty but the directors did not follow his advice. As an auditor, what you will do? [Ref: Q8. (i), Dec. '09 / Paper-6] 2
- Q28. Cost Audit is submitted to the Company within 90 days from the end of Company's financial year. [Ref: Q7. (d), June. '10 / Paper-6] 2
- Q29. What are the basic items/areas you will consider for review of Fixed Capital assets? [Ref: Q6. (b), June. '10 / Paper-6] 4
- Q30. Articles of Association of ABC Ltd. provides that fixed Deposit Receipts should not be shown to the statutory Auditor. Accordingly Manager (Accounts) refused to show. State the legality. [Ref: Q6. (e), June. '10 / Paper-6] 2

- Q31. Statutory Auditors is to give a certificate regarding compliance of corporate Governance which is annexed with the Director's Report. What are the documents and records to be checked by you before signing of such certificate. [Ref: Q7. (c), June. '10 / Paper-6] 4
- Q32. Under what circumstances, Auditor has to qualify his report. [Ref: Q8. (d), June. '10 / Paper-6] 4
- Q33. Cash flow statement with Annual Accounts is mandatory in case of all Public Companies. [Ref: Q5. (b), Dec. '10 / Paper-6] 2
- Q34. Auditor demanded notice for Annual general Meeting but the Director of the Company refused. [Ref: Q5. (d), Dec. '10 / Paper-6] 2
- Q35. XYZ India Ltd. has a Branch Office in England. M/s. R. B. Dutta & Co. Chartered Accountants were appointed as Auditor of the Company whereas an Accountant qualified to act as Auditor in England was appointed as Branch Auditor to conduct Audit of that Branch. Indian Auditor opined this was not legally valid. [Ref: Q5. (e), Dec. '10 / Paper-6] 2
- Q36. Statutory Auditor certifies the statement of Accounts including Balance Sheet with reference to documentary evidence based on Vouchers only. [Ref: Q5. (f), Dec. '10 / Paper-6] 2
- Q37. The Auditor has no liability under Companies Act, 1956 excepting rights — Do you agree? Otherwise state the liabilities, if any. [Ref: Q6. (d), Dec. '10 / Paper-6] 4
- Q38. How you will deal with in the Audit Report in respect of Fixed Assets being maintained at Mumbai Branch Office of a foreign company incorporated outside India. [Ref: Q6. (e), Dec. '10 / Paper-6] 2
- Q39. A Company has not followed the Accounting Standards. Auditors suggested to finalise the Accounts after complying with relevant accounting standard. Suggest whether there is any way out to finalise the accounts without change at this stage. [Ref: Q7. (a)(i), Dec. '10 / Paper-6] 4
- Q40. Abnormal losses during construction period has been capitalized. As an auditor, what treatment you suggest. [Ref: Q8. (b), Dec. '10 / Paper-6] 2
- Q41. A person qualified to be appointed as auditor, who is already Auditor of 20 Public Limited companies and 10 Private companies received appointment as Auditor of XYZ Ltd. Advice whether he can accept this appointment. [Ref: Q8. (c), Dec. '10 / Paper-6] 2
- Q42. How an Auditor shall conduct and Report when he finds any embezzlement of cash which considerably affects the financial position of the Company? [Ref: Q8. (d), Dec. '10 / Paper-6] 2
- Q43. Cost Accounting Standards pronounced by the ICWA of India are mandatory. [Ref: Q5. (a), June. '11 / Paper-6] 2
- Q44. Only officer on Special duty is called company Talent—do you agree? [Ref: Q5. (c), June. '11 / Paper-6] 2

- Q45. The statutory Auditor submitted his report on purchases relying on the verification Report carried on by the Internal Auditor. Whether this was proper.
[Ref: Q6. (c), June. '11 / Paper-6] 2
- Q46. Total subscribed share capital of XYZ Ltd. is Rs. 20 lakhs, out of which Rs. 6 lakhs share capital is held by a Nationalised Bank. How the Auditor is appointed in such cases?
[Ref: Q6. (d), June. '11 / Paper-6] 2
- Q47. “Qualified” opinion and “Adverse” or “negative opinion” in the Audit Report are same.—
Comment. [Ref: Q6. (e), June. '11 / Paper-6] 2
- Q48. Unless the observations and recommendation set out in Audit Report are considered, the objectives of appraisal is dissipated—offer your views. [Ref: Q6. (i), June. '11 / Paper-6] 2
- Q24. M/s. B. K. Associates, Chartered Accountants in addition to normal yearly Audit, rendered services for Taxation, Company Law matters etc. for which separate fees were received by them. While preparing Audit Report what points should be covered in his Audit Report?
[Ref: Q7. (c), June. '11 / Paper-6] 2
- Q24. What are the main points to be reported to the shareholders by the Auditor—(limited to Eight such points). [Ref: Q8. (c), June. '11 / Paper-6] 4

REVIEW AND AUDIT OF INTERNAL CONTROL SYSTEM

- Q1. US-GAAP is not different that of India. [Ref: Q5. (a), Dec '08 / Paper-6] 2
- Q2. To comply with the CARO in respect of LOAN the Auditor is to comments on certain points. [Ref: Q5. (e), Dec '08 / Paper-6] 2
- Q3. Explain how the following are dealt with under the CARO :
- (i) Fixed Assets.
 - (ii) Deposit of Statutory Dues. [Ref: Q6. (c), Dec '08 / Paper-6] 2+2
- Q4. What are the objectives of Operational Audit? [Ref: Q7. (e), Dec '08 / Paper-6] 4
- Q5. Auditor in his Report is to comment whether the company has Internal Audit System commensurate with size and nature of its business. Whether this is applicable for all companies? [Ref: Q7. (f), Dec '08 / Paper-6] 2
- Q6. How Internal Audit become an important Management tool. — Answer with reasons. [Ref: Q8. (c), June '09 / Paper-6] 4
- Q7. While auditing in computerised environment, overall objective and scope of audit remains same as for auditing in non-computerised environment. [Ref: Q5. (e), June '09 / Paper-6] 2
- Q8. An information system audit is entirely similar to that of financial audit. [Ref: Q5. (f), June '09 / Paper-6] 2
- Q9. As an Auditor, how you will audit in the case of data processing through computer service centre? [Ref: Q7. (c), June '09 / Paper-6] 4
- Q10. State the basic items which the Auditor should be familiar to understand the computer system used by the Client. [Ref: Q8. (a), June '09 / Paper-6] 4
- Q11. Comment on the following statements based on legal provisions (No marks for wrong reasons).
- (a) To comply with CARO, Auditor is to comment in his Report on “Application off erm Loan”—comment.
 - (b) CARO is not applicable to Private Company.
 - (c) US GAAP is not different from India GAAP. [Ref: Q5. (g)(f)(a), June '10 / Paper-6] 2×3
- Q12. Internal Auditor has a big role to play in preventing fraud. [Ref: Q5. (a), Dec. '09/Paper-6] 2
- Q13. ABC Ltd. is not listed on any stock exchange. Hence provision relating to Audit Committee is not applicable. [Ref: Q5. (e), Dec. '09 / Paper-6] 2
- Q14. To avoid liability, Auditor in his report remarked that “I have relied upon the review of purchases undertaken by the Internal Auditor.”—Can he avoid his liability? [Ref: Q6. (c), Dec. '09 / Paper-6] 2

- Q15. In case of ABC Pvt. Ltd. whose paid up capital is Rs. 80 Lakhs, accumulated loss is Rs. 20 Lakhs and misc expenditure of Rs. 15 Lakhs (yet to be written off) whether the auditor is to report under CARO. [Ref: Q8. (c), Dec. '09 / Paper-6] 2
- Q16. To comply with CARO in respect of 'Fixed deposit', the auditor is to report on certain points. — What are those? [Ref: Q8. (d), Dec. '09 / Paper-6] 2
- Q17. Internal Auditor and Internal Control are one and same. Explain. [Ref: Q8. (f), Dec. '09 / Paper-6] 2
- Q18. Besides statutory Audit by Chartered Accountants, Comptroller and Auditor General of India conduct Audit of Government Companies. Hence internal Audit is not necessary in Government Companies. [Ref: Q5. (c), June. '10 / Paper-6] 2
- Q19. CARO is not applicable to Private Company. [Ref: Q5. (f), June. '10 / Paper-6] 2
- Q20. To comply with CARO, Auditors is to comment in his Report on "Application of Term Loan"— Comment. [Ref: Q5. (g), June. '10 / Paper-6] 2
- Q21. Internal Check is said to have some fundamentals aims. If so give details. [Ref: Q6. (d), June. '10 / Paper-6] 4
- Q22. What is expected under the CARO regarding (a) Internal Audit (b) Fraud. [Ref: Q8. (c), June. '10 / Paper-6] 2+2
- Q23. The Auditor has nothing to do with inherent or control risk. [Ref: Q5. (c), Dec. '10 / Paper-6] 2
- Q24. What is expected under CARO regarding
(i) 'Transactions in which Directors are interested'
(ii) 'Guarantees for loan' taken by others'. [Ref: Q6. (c), Dec. '10 / Paper-6] 2+2
- Q25. What is expected under CARO regarding "Maintenance of cost records"? [Ref: Q8. (e), Dec. '10 / Paper-6] 2
- Q26. Name at least 4 aspects which are being examined by the Auditor while making appraisal and review of Internal Audit/Check. [Ref: Q8. (f), Dec. '10 / Paper-6] 2
- Q27. Internal Auditing is a function distinct from Authorisation and recording. [Ref: Q5. (f), June. '11 / Paper-6] 2
- Q28. Importance of follow-up of Audit Report cannot be avoided. [Ref: Q8. (f), June. '11 / Paper-6] 2
- Q29. State the component of Audit risk [Ref: Q6. (a), June. '11 / Paper-6] 2
- Q30. What is expected under CARO regarding "Internal Audit System"? [Ref: Q7. (d), June. '11 / Paper-6] 2

- Q31. XYZ Ltd. whose Regd. & Head Office is at Kolkata has a branch office in Mumbai. A separate Auditor was appointed for Branch Audit. Branch Manager refused to provide with or show one Contractor's bill inspite of Branch Auditors written demand, Branch manager told that this bill being confidential, Auditor has no right to see. How you will deal with?
[Ref: Q7. (f), June. '11 / Paper-6] 2
- Q32. What are expected under CARO regarding
(i) Preferential allotment of Shares
(ii) Public Deposit
[Ref: Q8. (d), June. '11 / Paper-6] 2+2

INFORMATION SYSTEM AUDIT

- Q1. When Information System Audit is an Information Technology Audit, the Auditor is required to have detailed knowledge of Auditing rather than information system.
[Ref: Q5. (d), Dec '08 / Paper-6] 2
- Q2. What is Computer Assisted Audit Technique? [Ref: Q7. (b), Dec '08 / Paper-6] 4
- Q3. In connection with Audit Risk information system Auditor is concerned with certain objectives. What are those?
[Ref: Q8. (a), Dec '08 / Paper-6] 2
- Q4. Auditor should test check controls established to reduce the risk associated with e-commerce transactions. State the position.
[Ref: Q8. (b), Dec '08 / Paper-6] 2
- Q5. Auditor while undertaking Audit of environment of personal computer should know that inadequate control measures may create serious problems. What are those?
[Ref: Q8. (e), Dec '08 / Paper-6] 2
- Q6. State the matters that should be considered to determine the effects of computer information system environment on the Audit.
[Ref: Q6. (c), June '10 / Paper-6] 4
- Q7. What are the control measures which the Auditor is concerned under computer information system.
[Ref: Q7. (d), June '10 / Paper-6] 2
- Q8. While auditing in computer information system, auditor should make assessment of inherent risk.
[Ref: Q5. (c), Dec '09 / Paper-6] 2
- Q9. M/s. S. S. & Associates, Chartered Accountants who were appointed as Auditor by the members in A.G.M. refuses to accept the appointment. In such cases Central Govt. only appoint another Auditor.
[Ref: Q5. (d), Dec '09 / Paper-6] 2

- Q10. In conducting information system audit, auditor is to be guided by systematic approach—
Comment. [Ref: Q8. (b), Dec '09 / Paper-6] 2
- Q11. State the matters that should be considered to determine the effects of computer information system environment on the Audit. [Ref: Q6. (c), June '10 / Paper-6] 4
- Q12. What are the control measures which the Auditors is concerned under computer information system. [Ref: Q7. (d), June '10 / Paper-6] 2
- Q13. Is it correct to say that while auditing in computerized environment, over all objective and scope of Audit remains the same as for audit in non-computerised environment? [Ref: Q5. (g), /Dec. '10 / Paper-6] 2
- Q14. How Auditor should conduct Audit in the case of Data Processing through computer service centres? [Ref: Q6. (b), Dec. '10 / Paper-6] 4
- Q15. What are the points an Auditor shall consider for I.T. Audit in respect of “Systems Development”. [Ref: Q7. (b)(i), Dec. '10 / Paper-6] 2
- Q16. What is ‘Audit Trais’ being one of the control under computer infomation system. [Ref: Q6. (b)(ii), Dec. '10 / Paper-6] 2
- Q17. What is Information System Audit? [Ref: Q8. (g), Dec. '10 / Paper-6] 4
- Q18. “File Libraries” being one of the control under Computer Information System. [Ref: Q5. (d), June '11 / Paper-6] 2
- Q19. M/s. A. B. Associates, Chartered Accountants were appointed as Ausitor of the Company in the month of Sept. 2010 at a fee of Rs. 3,00,000 plus other expense at actual. In the month of Dec. 10, the Auditor was removed by the Company. Auditor claimed Rs. 3,00,000 but the Company paid Rs. 1,00,000 being remuneration for 4 month from September to December, 2010. [Ref: Q5. (e), June '11 / Paper-6] 2
- Q20. To carry out an I.T. Audit, what are the systematic approaches are taken care of? [Ref: Q6. (h), June '11 / Paper-6] 2
- Q21. What are the points an Auditor should consider for I.T. Audit in respect of System & Applications? [Ref: Q7. (g), June '11 / Paper-6] 2
- Q22. What is Computer assisted Technique? [Ref: Q8. (e), June '11 / Paper-6] 4

MANAGEMENT AUDIT

- Q1. Management Audit is conducted by Statutory Auditor of the Company.
[Ref: Q5. (f), Dec '08 / Paper-6] 2
- Q2. State the need for Management Audit.
[Ref: Q8. (c), Dec '08 / Paper-6] 4
- Q3. Management emphasises on problem identification rather than problem solving.
[Ref: Q5. (g), June '09 / Paper-6] 2
- Q4. What are the limitation of Management audit?
[Ref: Q6. (a), June '09 / Paper-6] 4
- Q5. Comment on the following statements based on legal provisions (No marks for wrong reasons).
Scope of management Audit is limited to review the Audit Reports of Statutory Auditor and Internal Auditor.
[Ref: Q5. (e), June '10 / Paper-6] 2
- Q6. Name the circumstances where in the management audit is useful. (Name 4 such circumstances)
[Ref: Q8. (e), June '10 / Paper-6] 2
- Q7. Management Audit is useful for society as large — Comment.
[Ref: Q6. (e), Dec '09 / Paper-6] 2
- Q8. Management audit is beneficial to the Foreign Collaborators also. How?
[Ref: Q8. (a), Dec '09 / Paper-6] 2
- Q9. Scope of management Audit is limited to review the Audit Reports of statutory Auditor and Internal Auditor.
[Ref: Q5. (e), June '10 / Paper-6] 2
- Q10. Name the circumstances where in the management audit is useful.
[Ref: Q8. (e), June '10 / Paper-6] 2
- Q11. “Management Audit emphasizes on problem identification rather than problem solving” —
Comment.
[Ref: Q6. (a), Dec '10 / Paper-6] 4
- Q12. Do you agree that management Audit can be conducted by an Audit Committee?
[Ref: Q7. (d)(iii), Dec '10 / Paper-6] 1
- Q13. State at least 4 Limitations of Management Audit.
[Ref: Q8. (h), Dec '10 / Paper-6] 2
- Q14. Under what circumstances, management Audit is needed or is useful to the Company?
[Ref: Q7. (h), June '11 / Paper-6] 2
- Q15. What are the activities undertaken by the management Auditor in its review of material management etc.
[Ref: Q8. (f), June '11 / Paper-6] 2