**Audit – I**

**June 2022 Examination**

**Q1. Prepare the Audit Report based on the below mentioned information**

**Company Name: Premium Pvt Ltd**

**Director: Mr. Prakash P Pele.**

**Auditor Name: ZML & Co.**

**Partner: CA Ramakant A Singh**

**Opinion: Qualified**

**Basis for the Qualification: Management has considered the inventory at Cost but actually Net Realizable Value is lower than Cost. : (10 Marks)**

**Answer 1:**

**Audit report**

**Introduction**

Each company, irrespective of the type of business done, has to get its books of accounts audited with the aid of an authorized auditor. The final report given by an auditor after inspecting the company’s books of debts is called an Audit file. This audit document is considered a treasured legal file that can be submitted to any bank or financial institution as a supporting document to get loans. Because the audit record depicts the financial role of the corporation, it's far advantageous to the board of administrators to take essential decisions in the interest of the

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**Q2. Go through the following transactions and write down the audit steps you will conduct to audit of the fixed Assets purchased by the company KATA Ltd. (10 Marks)**

**1. Land and Building of Rs.9, 00,000/-**

**2. Patterns, Dies, Loose Tools Etc. of Rs. 7, 00,000/-**

**3. Goodwill worth Rs. 5, 00,000/-**

 **4. Motor, Lorries, Vans etc. of Rs. 6, 00,000/-.**

**5. Furniture, Fittings and Fixture of Rs. 4, 00,000/-**

**Answer 2:**

**Audit of Fixed Assets**

**Introduction**

The two hands of any corporation are its property and liabilities. Liability is something that needs to be repaid to the lender. An asset represents the cost of all the possessions the company has. An asset may be transformed into coins. There are forms of assets- constant assets and current assets. Constant assets are assets that are fixed and tangible. Some examples of fixed assets are:- Land and building, fixtures and fittings, plant and equipment. The acquisition of such

**Q3a. Tom Ltd wants establish Internal control to their Apparel processing business what are the objectives of internal control which management should expect? (5 Marks)**

**Answer 3a:**

**Internal Control**

**Introduction**

An audit entails checking and verifying money owed by a company. An audit may be carried out via inner resources and external assets. Internal auditing may be carried out to govern the accounting operations within the organization in short periods. Though internal control also includes checking, it should no longer be confused with the inner audit. Internal management

**Q3b. SS & Co. is conducting an audit, senior partner of the firm wants to guide the team about Section 143 (3) Companies Act, 2013 ie. Auditor’s duty to reporting few things. What are these things? (5 Marks)**

**Answer 3b:**

**Auditor’s Duties**

**Introduction**

An auditor is a person who is appointed to evaluate the financial position of the company and the accuracy and validity of the transactions. An audit document can be made only after a thorough inspection of books of debts. After analyzing the books of accounts, the auditor must make an