

Accounting and Auditing Part II

Section A

Question No. 4:-

Answer

Aspects	Investigation	Auditing
Purpose	Specify inquiry or examination for a defined goal.	Ensures accuracy and compliance in financial reporting.
Scope	Broad, covering various aspects like financial, legal, operational issues etc.	Focused on financial matters and compliance with accounting standards.
Timing	Ad-hoc, triggered by an event or requirement.	Periodic, usually annually to review fin. records.
Depth	In-depth scrutiny of specific concerns.	Comprehensive but general examination of records.
Reporting	Detailed report on findings, conclusions and recommendations.	Summary report with an opinion on fin. stat.
Nature of work	Forensic Analysis, interviews, data analysis.	Substantive testing, verification, compliance checks.

Aspects	Investigation	Auditing
Regulation	Not strictly regulated by auditing standards.	Governed by established auditing standards.
Independence	Level of independence varies based on type.	High independence to provide unbiased opinion.
Initiation	Initiated based on specific events or requests.	Regularly scheduled as per statutory or organization requirement.

Section B

Question no. 6:-

Answer :-

Business:-

Any legal activity which we start for Profit generation. It refers to an entity or organization engaged in commercial, industrial or professional activities to produce goods and services for profit. It includes production, distribution, marketing, sales and administration.

Non-Profit Organization:-

It is an entity made for purpose other than Profit or Revenue generation. It typically focus on social, cultural, educational, charitable or humanitarian objectives.

Resident Person:-

A resident person refers to an individual or entity that resides in a specific country or jurisdiction and is subject to the laws, regulations, and taxation of that jurisdiction.

Public Company:-

A Public Company is a business entity that has issued its securities (such as stocks or shares) to the general public through an initial public offering (IPO) and is traded on a public stock exchange.

Agricultural Income:-

Agricultural income refers to the income earned from agricultural operations, including farming, cultivating of crops, animal husbandary and related activities.

Banking Company:-

It is a financial institution that provides

various banking services. These companies are regulated by banking authorities and must adhere to specific banking laws and regulations that vary by country.

Section C

Question 8:-

Answer:-

1) Calculate Payback Period-

For Project A

Years	Cash inflow	CFC
1	45000	45000
2	45000	90000
3	45000	135000
4	45000	180000

So payback Period is 4 years with return of 180,000

For Project B

Years	Cash Inflow	CFC
1	75000	75000
2	60000	135000
3	30000	165000
4		

So payback Period is 3 years with return of 165,000