



# VIDYA SAGAR

CAREER INSTITUTE LIMITED

WHERE ALL INDIA 1ST RANK IS A TRADITION

**7 Times All India  
1<sup>st</sup> Rank in Last 10 Years**

Year	Student Name
2021	Girish Aswani
2019	Akshat Goyal
2019	Ajay Agarwal
2018	Atul Agarwal
2017	Gaurav Sarawagi
2015	Tarun Garg
2012	Nikhil Kumar

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## Ever Highest Marks



**ALL INDIA 1<sup>st</sup> RANK**

## Huge score gap between AIR 1 from VSI & AIR 2 from others



CA



CMA

Where all india 1<sup>st</sup> Rank is a tradition

PROVED IT ONCE AGAIN

Result CA-Intermediate, Dec. 2021

AIR  
7

AIR  
17

AIR  
22

AIR  
33

AIR  
40

AIR  
46

AIR  
46



**NIKITA TINKER**  
MARKS: 652



**ASTHA AGRAWAL**  
MARKS: 632



**YAUWAN JAIN**  
MARKS: 625



**CHIRAG BANKA**  
MARKS: 610



**CA R.C. SHARMA**  
CHAIRMAN, VSI



**UNNATI GUPTA**  
MARKS: 600



**SHIVAM GUPTA**  
MARKS: 594



**BHAVYA GUPTA**  
MARKS: 594

CA



CMA

Where all india 1<sup>st</sup> Rank is a tradition

PROVED IT ONCE AGAIN

Result CA-Foundation & CA Final Dec. 2021

RANK  
10

RANK  
24

RANK  
28

RANK  
29

RANK  
41

RANK  
44



**PANKAJ ASWANI**  
CA FINAL, DEC 2021  
(VMP PROG. STUDENT)



**ESHAN PALTANI**  
CA FINAL  
DEC 2021



**AKHIL GOYAL**  
CA FINAL  
DEC 2021



**CA R.C. SHARMA**  
CHAIRMAN, VSI



**RAKSHIT BIYANI**  
CA FINAL  
DEC 2021



**BAKUL PRADHAN**  
CA FINAL  
DEC 2021



**KAPIL PINJANI**  
CA FINAL  
DEC 2021

Total No. of Questions – 6

Total No. of Printed Pages – 8

Maximum Marks – 70

### GENERAL INSTRUCTIONS TO CANDIDATES

1. The question paper comprises two parts, Part I and Part II.
2. Part I comprises Multiple Choice Questions (MCQs).
3. Part II comprises questions which require descriptive type answers.
4. Ensure that you receive the question paper relating to both the parts. If you have not received both, bring it to the notice of the invigilator.
5. Answers to Questions in Part I are to be marked on the OMR answer sheet given on the cover page of descriptive answer book only. Answers to questions in Part II are to be written in the same descriptive answer book. Answers to MCQs, if written inside the descriptive answer book, will not be evaluated.
6. OMR answer sheet given on the cover page of descriptive answer book will be in English only for all candidates, including for Hindi medium candidates.
7. **The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive type answer book.**
8. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
9. Duration of the examination is 3 hours. You will be required to submit (a) Part I of the question paper containing MCQs, and (b) the answer book in respect of descriptive type answer book with OMR cover page to the invigilator before leaving the exam hall, after the conclusion of the exam.
10. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the above-mentioned items.
11. Candidate found copying or receiving or giving any help or defying instructions of the invigilators will be expelled from the examination and will also be liable for further punitive action.

### PART – II

70 Marks

1. Question paper comprises 6 questions. Answer Question No. 1 which is compulsory and any 4 out of the remaining 5 questions.
2. Working notes should form part of the answer.
3. Answers to the questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be evaluated.

GQD2

P.T.O.



(2)

GQD2

PART - II

1. (a) PQR & Associates, Chartered Accountants, is a partnership firm having 3 partners CA P, CA Q and CA R. PQR & Associates are appointed as Statutory Auditors of ABC Limited, a listed entity for the financial year 2021-22 and CA P is appointed as Engagement Partner for the audit of ABC Limited. Before issuing the Audit Report of ABC Limited, CA P asked CA R to perform Engagement Quality Control Review and is of the view that his responsibility will be reduced after review by CA R. Whether the contention of CA P is correct? What are the aspects that need to be considered by CA R while performing Engagement Quality Control Review for audit of financial statements of ABC Limited? 5
- (b) JKL Limited is engaged in the business of Construction and real estate having various projects across states. M/s YT & Co, Chartered Accountants have been appointed as Statutory Auditors. Audit Team from M/s YT & Co for audit of JKL Limited comprises of CA Z - Engagement Partner, CA Q, a paid assistant and 3 Articled Assistants. During preliminary verification, CA Z observed that huge amount of sub-contract payments were made to M/s JB Associates, a partnership firm in which Director of JKL Limited is a managing partner. The engagement team discussed that SA 315 and SA 240 shall include specific consideration of the susceptibility of the financial statements to material misstatement due to fraud or error that could result from the JKL Limited's related party relationships and transaction. Highlight the matters that are to be addressed in the discussion by CA Z with engagement team members with reference to the relevant standard on Auditing. 5
- (c) Beta Hotel operates in an automated environment and uses application softwares for front desk, Guest reservations, Restaurant and kitchen orders, and billing for which CA Anil has been appointed as an auditor. Guide CA Anil the various key aspects that needs to be considered by him while understanding of the automated environment of the Company in accordance with SA 315. Is he required to document the same? If yes, illustrate by giving one example. 4

~~XXXXXXXXXX~~  
~~XXXXXXXXXX~~  
GQD2

(3)

**GQD2**

2. (a) Mr. K has been appointed as statutory auditor of SK Limited for issuing an audit opinion on financial statements and internal controls over financial reporting (ICFR) for the year ended March 31, 2022 under the Companies Act, 2013. Guide Mr. K to prepare a checklist in the form of questions for testing internal control over cash and bank balances. When forming an opinion on ICFR is it necessary for Mr. K to test the transactions only at the balance sheet date ? 5

(b) Jam Private Limited was engaged in business of manufacture of Cycles. CA Roy was appointed as a Statutory Auditor of the Company for the financial year 2021-22. During the year under audit, Jam Private Limited obtained working capital facilities from ABC Bank Limited for ₹ 10 crore hypothecating the Stock of goods as primary security. On inquiry CA Roy was informed by management that stock statements are furnished periodically to ABC Bank Limited and the details of submission of quarterly stock statement are as follows : 5

Period of Quarter	Stock Value as per Books of Account as at the end of the quarter (Rupees in crore)	Stock Value as per quarterly statement submitted to ABC Bank Limited as at the end of quarter (Rupees in crores)
Q1-2021-22	11.50	14.00
Q2 -2021-22	14.75	17.00
Q3-2021-22	11.50	14.00
Q4-2021-22	15.25	15.25

The management of Jam Private Limited did not disclose the above variations in Notes to accounts forming part financial Statements of the Company for the year 2021-22. The management replied that there are no variations as on the Balance sheet date and further they are of the view that stock statement furnished to bank is only a formality and computed arbitrarily only for the purpose of securing higher drawing power and hence statutory auditors need not be bothered.

Is the contention of the management valid? As a Statutory Auditor how CA Roy should deal and discuss the disclosure/reporting requirements if any, as per the Companies Act, 2013 and CARO, 2020.

**GQD2**

**P.T.O.**



## GQD2

(e) CA Ravi, a practising Chartered Accountant, was proprietor of M/s. Ravi & Associates. CA Ravi died on 15<sup>th</sup> September, 2020 due to cardiac arrest. Only family member left behind CA Ravi was his wife, Roohi. On 30<sup>th</sup> September, 2021, Roohi sold the practice of her husband to CA Balwan for ₹ 25 Lacs along with right to use the firm name i.e., M/s. Ravi & Associates and requested the Institute to consider the effect of such sale. Give your comments on the following issues with reference to the Chartered Accountants Act, 1949 and schedules thereto :

- (i) Whether Roohi can sell the practice to CA Balwan?
- (ii) Can CA Balwan continue to practice as proprietor in name of M/s. Ravi & Associates ?

3. (a) M/s. PQR Auto, a partnership firm, is engaged in manufacture of automobile spare parts having factory at Surat. CA S was appointed as the Tax Auditor of M/s. PQR Auto for the Assessment year 2022-2023. While carrying out the Tax Audit under section 44AB of the Income Tax Act, 1961 CA S observed following :

- (i) Interest of ₹ 50,000 paid to Vendor X who was registered under MSME Act, 2006.
- (ii) Interest payment ₹ 10,000 was incurred in relation to earning exempt interest income from Tax Relief bonds.
- (iii) Sum of ₹ 1,00,000 was received from Mr. X, for sale of one plant and machinery. But due to non-compliance of one of the conditions as specified in the contract with Mr. X, M/s. PQR Auto forfeited ₹ 1,00,000 during AY 2022-23 as per forfeiture clause mentioned in the contract.

Guide CA S in reporting the above transactions under the relevant clauses in Form No. 3CD.

## GQD2

(5)

**GQD2**

(b) TQR Limited is engaged in the business of garment manufacturing having registered office at Mumbai and branches across India. Mr. Shyam, one of the senior Managers was involved in creating false documents and legitimate documents were altered to support fictitious transactions. Consequently the management appointed you to get forensic audit done based on the digital foot-print of transactions handled by Mr. Shyam. The use of sound techniques will enable to discover the defalcations on a timely basis. As a forensic auditor how will you deal and suggest Technology based/ Digital forensic techniques.

5

(c) CA K qualified as Chartered Accountant <sup>Level 1</sup> and started practice as proprietor in the name of M/s. K & Associates in the year 2015-16. LST Limited, a listed entity, appointed M/s. K & Associates as Statutory Auditor for the year ended 31<sup>st</sup> March, 2022. CA K signed the balance sheet of LST Limited for the year ended 31<sup>st</sup> March, 2022 on 14<sup>th</sup> May, 2022. M/s. K & Associates never subjected themselves to the Peer Review process of the Institute since its inception of practice. Comment with reference to the Chartered Accountants Act, 1949 and schedules thereto.

4

4. (a) Comment on the following in the light of certificate of compliance of conditions of Corporate governance to be issued under SEBI (LODR) Regulations 2015, for a Listed company (one among the top 1000 listed companies) where the Board consists of 20 directors with a Non-executive director as its Chairman and further –

5

- (i) One Non-executive Director has attained the age of 70 years; ✕
- (ii) One of the Directors is a Director in eight other listed entities; ✕

**GQD2**

**P.T.O.**





(6)

**GQD2**

- (iii) The Managing Director is serving as Independent Director in Four listed entities of which one entity's Equity shares are not listed on a Stock exchange; 3
- (iv) The Non-executive Chairman is the promoter of the Listed entity which has Nine Independent Directors; 1/2
- (v) One Independent Director has been serving as Independent Director in Eight listed entities of which Equity shares are listed on a Stock exchange. 2

(b) Your firm has been appointed as Central Statutory Auditors of a Nationalised Bank for the financial year 2021-22. During the course of audit your audit team observed that a lump sum amount has been disclosed as Contingent Liability collectively though the components are correctly identified. In respect of contingent liabilities, the auditor is primarily concerned with seeking reasonable assurance that all the contingent liabilities are identified and properly valued and the audit firm intend to obtain a representation from the management. Highlight the points/checklists that are to be covered in the management representation. 5

(c) XYZ Limited is manufacturer of soaps and cosmetics having business operations in Delhi. XYZ Limited is planning to expand its operations across India. Before expansion, the top management of XYZ Limited is willing to appoint CA T for conducting Management Audit of XYZ Limited. However, the top management of XYZ Limited is afraid that Management Audit may lead to the breeding of antagonism on the part of the Company. The top management of XYZ Limited approached CA T and requested to explain them the causes of antagonism. Help CA T. 4

5. (a) You have been appointed as an auditor of Safe Life Insurance Company Limited. During the course of audit you come across several cases of lapsed policies. Management is flooded with complaints from Agents and Life Assured regarding Policy lapses and Revival. The policy lapsation is tracked over the PMS software. You are requested by the Management to explain in clear terms about Policy lapses and Revival. Also state your role as an auditor in verifying the same. 5

**GQD2**

(7)

**GQD2**

(b) In exercise of the powers conferred by clauses (f) and (g) of Sub-section (2) of Section 29A read with Section 28C and Sub-section (1) of Section 28D of the Chartered Accountants Act, 1949 (38 of 1949), the Central Government has made 'Chartered Accountants (Procedures of Meetings of Quality Review Board, and Terms and Conditions of Service and Allowances of the Chairperson and Members of the Board) Rules, 2006'. Elucidate the powers of Quality Review Board in discharging its functions. How the Quality Review Board would proceed in case it does not receive the information called for by it from any Company ?

5

(c) CA Harry is appointed as a Statutory Auditor of Delist Limited for the financial year 2021-22. M/s. Delist Limited is a listed entity at National Stock Exchange and the financial statements are to be drawn up in compliance with Ind AS . M/s. Delist Limited made certain fair value accounting estimates on complex financial instruments which are not traded in an active and open market. CA Harry is concerned with identification and assessment of the risks of material misstatement for accounting estimates. Guide him with regard to the estimation making process adopted by management with reference to the relevant standard on Auditing.

4

6. (a) CA H was appointed as a Statutory Auditor of MNL Limited, a listed company, which has three subsidiaries namely M Ltd., N Ltd., L Ltd. and also 15 branches across India. Auditors are duly appointed for the subsidiaries and branches as well. With regard to the determination of materiality during the audit of consolidated financial statements what should be the considerations of CA H ? How he should deal in his report if there are observations (for instance modification and/or emphasis of matter in accordance with SA 705/706) made by component auditors ?

5

**GQD2**

**P.T.O.**



(8)

**GQD2**

(b) You are the team leader of 10 members for an audit of a Multinational company. All the team members are concerned about Audit documentation in order to provide evidence that the audit complies with SAs. Hence, the team members wish to document every matter concerned. In your opinion it is neither necessary nor practicable for the auditor to document every matter considered or professional judgement made in an audit. Further you feel that it is unnecessary for the auditor to document separately compliance with matters for which compliance is demonstrated by documents included within the audit file. Illustrate by giving examples with reference to relevant Standard on Auditing.

5

(c) Mr. Sirish, a Chartered Accountant in practice, delivered a speech in the national conference organized by the Ministry of Information Technology. While delivering the speech, he told to the audience that he is a Cybersecurity expert and his firm provides services of cloud accounting, IT governance, risk compliance, and information security at reasonable rates. He also requested the audience to approach his firm of chartered accountants for these services and at the request of the audience he also distributed his business cards and telephone number of his firm to those in the audience.

4

Comment in the light of professional Code of Ethics.

**OR**

CA K, a Practising Chartered Accountant, was appointed as Authorized Representative by GKR Limited to appear before National e-assessment centre in the matter of its Faceless Income tax proceedings for the Assessment year 2020-21. While preparing a reply in response to the notice for the Scrutiny Assessment, CA K observed that there were certain trade payables and loan creditors which were not in existence but was fabricated by the management of GKR Limited. Though CA K knew these accounts were fabricated, he still submitted those false accounts to the National faceless e-assessment centre. What are the liabilities of CA K under the Income Tax Act, 1961 ?

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**GQD2**



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VSI Victory  
Mentorship Program  
(VVMP)**

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1<sup>st</sup> Ranker with VSI**



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