

Semester “Spring 2010”

“Fundamentals of Auditing (ACC311)”

Assignment No. 01

Marks: 15

“Appointment of auditor”

Following are some independent situations with reference to appointment & qualification of an auditor:

- (1) Mr. Sajid, practicing as chartered accountant has been offered for appointment in Kisan limited as external auditor. He was an employee of the said company before starting his practice as chartered accountant.
- (2) Fine Associates (Pvt) Limited, a consultancy firm, the majority of whose directors are chartered accountants, have been offered appointment as external auditor in Timber (Pvt) Limited whose share capital is less than 1.5 million.
- (3) Miss Neelam who was practicing as a chartered accountant has been offered appointment in Fatima Enterprises as external auditor. Before this offer she was an employee of the company’s directors two months ago.
- (4) Mr. Wajid is a partner of Wajid & company. The firm has been consists of chartered accountants and were offered for appointment in Hilal Limited as an external auditor. Son of Mr. Wajid holds the shares of the Hilal Limited.
- (5) Mr. Asif is the Chief Executive of Ghani Enterprises which is a listed company. He is not pleased with the performance of the current auditors. He is planning to propose the name of M/s Wasif & Co. as the new auditors in the coming AGM after approval of board. Mr. Wasif a partner of M/s Wasif & Co. is the Brother of Mr. Asif. Is the agreement legally permissible?

Requirement: (3 marks for each situation)

Analyze all situations one by one independently in the light of Companies Ordinance 1984 [Section 254(3)] and give your opinion, whether the appointments in all cases were legally permissible or not.

Your answer must be confined in three to four lines in each case. Avoid including extra material for answering. Just provide to the point answer for requirements.

Important Tips

1. This Assignment can be best attempted from the knowledge acquired after watching video lecture no. 1 to lecture no 11 and reading handouts as well as recommended text book).
2. Video lectures can be downloaded for free from www.youtube.com/vu.

Schedule

Opening Date and Time	18 April , 2011 At 12:01 A.M. (Mid-Night)
Due Date and Time	21 April , 2011 At 11:59 P.M. (Mid-Night)

Note: Only in the case of Assignment, *24 Hrs extra / grace period* after the above mentioned due date is usually available to overcome uploading difficulties which may be faced by the students on last date. This extra time should only be used to meet the emergencies and above mentioned due dates should always be treated as final to avoid any inconvenience.

Important Instructions:

Please read the following instructions carefully before attempting the assignment solution.

Deadline:

- Make sure that you upload the solution file before the due date. No assignment will be accepted through e-mail once the solution has been uploaded by the instructor.

Formatting guidelines:

- Use the font style "Times New Roman" and font size "12".
- It is advised to compose your document in MS-Word 2003.
- Use black and blue font colors only.

Solution guidelines:

- Use APA style for referencing and citation. For guidance search "APA reference style" in Google and read various website containing information for better understanding or visit <http://linguistics.byu.edu/faculty/henrichsenl/apa/APA01.html>
- Every student will work individually and has to write in the form of an analytical assignment.
- Give the answer according to question, there will be negative

marking for irrelevant material.

- For acquiring the relevant knowledge don't rely only on handouts but watch the video lectures and use other reference books also.

Rules for Marking

Please note that your assignment will not be graded or graded as Zero (0) if:

- It has been submitted after due date
- The file you uploaded does not open or is corrupt
- It is in any format other than .doc (MS. Word)
- It is cheated or copied from other students, internet, books, journals etc...