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शक्तिउत्थानआश्रमलखीसरायबिहार

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CHARTERED ACCOUNTANT INTERVIEW QUESTIONS & ANSWERS

Anvisha Ltd. is a company engaged in the business of software development. It is one of the largest companies in this sector with a turnover of ₹25,000 crores. The operations of the company are increasing constantly, however, the focus of the management is more on cost cutting in the coming years to improve its profitability. Shares of Anvisha Ltd. are listed on Bombay Stock Exchange.

Company in its AGM held on 26.08.2018, appointed M/s ABC and Associates, Chartered Accountants, as their auditors for five years.

In respect of the financial statements of the company for the year 2018-19, which are used by various stakeholders, some fraud was observed in respect of assets reported therein due to which those stakeholders suffered damages. As a result, those stakeholders applied to Tribunal for change of auditor on the basis that auditor is colluded in the fraud.

In the meanwhile, ABC and Associates, resigned from the company without assigning any reason. As per the requirements of Sec. 140(2) of Companies Act, 2013, the auditor who has resigned from the company shall file within a period of 30 days from the date of resignation, a statement in the Form ADT-3 with the company and the Registrar. However, no such statement is filed by ABC and Associates.

Based on the above facts, answer the following:

Q.1 In case of an listed entity, for the purpose of appointment of a person as auditor of the company, qualifications and experience of the individual or the firm proposed to be considered for appointment as auditor and whether such qualifications and experience are commensurate with the size and requirements of the company, is to be considered by:

- (a) Audit Committee
- (b) Board of Directors
- (c) Audit Committee and SEBI
- (d) Board of Directors and SEBI

Q.2 After appointment of the auditor in AGM, Anvisha Ltd. shall inform ABC and Associates of their appointment, and also file a notice in Form _____ of such appointment with _____ within _____ of the meeting in which the auditor is appointed.

- (a) Form ADT – 1, SEBI, 15 Days
- (b) Form ADT – 1, Registrar, 15 days.
- (c) Form ADT – 2, SEBI, 30 days
- (d) Form ADT – 2, Registrar, 30 days.

<p>Q.3</p>	<p>Which of the following stands true in respect of application made by shareholders to Tribunal for change of auditor on the basis that auditor is colluded in the fraud?</p> <p>(a) Application will be rejected by Tribunal as application for change of auditor can be made only by Central Government.</p> <p>(b) Application will be rejected by Tribunal as Only Tribunal may <i>suo motu</i> take action for change of auditor.</p> <p>(c) If Tribunal is satisfied that the auditor of a company has, whether directly or indirectly, acted in a fraudulent manner or abetted or colluded in any fraud by, or in relation to, the company or its directors or officers, it may, by order, direct the company to change its auditors.</p> <p>(d) Approval of Central Government is required before making application to Tribunal for change of auditors.</p>
<p>Q.4</p>	<p>An auditor, whether individual or firm, against whom final order has been passed by the Tribunal u/s 140(5) of Companies Act, 2013 shall not be eligible to be appointed as an auditor of any company for a period of _____ from the date of passing of the order and the auditor shall also be liable for action under Section _____.</p> <p>(a) 5 years; Sec. 147</p> <p>(b) 10 Years; Sec. 147</p> <p>(c) 5 Years; Sec. 447</p> <p>(d) 10 years; Sec. 447</p>
<p>Q.5</p>	<p>If the auditor does not comply with the provisions of Sec. 140(2) of Companies Act, 2013, he or it shall be liable to a penalty of:</p> <p>(a) ₹50,000 or an amount equal to the remuneration of the auditor, whichever is less, and in case of continuing failure, with further penalty of ₹100 for each day after the first during which such failure continues, subject to a maximum of ₹1 lakh.</p> <p>(b) ₹50,000 or an amount equal to the remuneration of the auditor, whichever is higher, and in case of continuing failure, with further penalty of ₹100 for each day after the first during which such failure continues, subject to a maximum of ₹1 lakh.</p> <p>(c) ₹50,000 or an amount equal to the remuneration of the auditor, whichever is less, and in case of continuing failure, with further penalty of ₹100 for each day after the first during which such failure continues, subject to a maximum of ₹5 lakh.</p> <p>(d) ₹50,000 or an amount equal to the remuneration of the auditor, whichever is less, and in case of continuing failure, with further penalty of ₹500 for each day after the first during which such failure continues, subject to a maximum of ₹5 lakh.</p>

Answer – Integrated Case Study 2

Q. No.	Answer	Reason
Q.1	(a)	As per Rule 3 of Companies (Audit and Auditor's) Rules, 2014, in case of a company that is required to constitute an Audit Committee u/s 177, the audit committee, shall take into consideration the qualifications and experience of the individual or the firm proposed to be considered for appointment as auditor and whether such qualifications and experience are commensurate with the size and requirements of the company.
Q.2	(b)	As per Proviso to Sec. 139(1) of the Companies Act, 2013, the company shall inform the auditor concerned of his or its appointment, and also file a notice (Form ADT-1) of such appointment with the Registrar within 15 days of the meeting in which the auditor is appointed.
Q.3	(c)	As per Sec. 140(5) of Companies Act, 2013, the Tribunal either suo moto or on an application made to it by the Central Government or by any person concerned, if it is satisfied that the auditor of a company has, whether directly or indirectly, acted in a fraudulent manner or abetted or colluded in any fraud by, or in relation to, the company or its directors or officers, it may, by order, direct the company to change its auditors.
Q.4	(c)	As per Sec. 140(5) of Companies Act, 2013, an auditor, against whom final order has been passed by the Tribunal under this section shall not be eligible to be appointed as an auditor of any company for a period of 5 years from the date of passing of the order and the auditor shall also be liable for action u/s 447.
Q.5	(d)	As per Sec. 140(3) of Companies Act, 2013, if the auditor does not comply with the provisions of Sec. 140(2), he or it shall be liable to a penalty of ₹50,000 or an amount equal to the remuneration of the auditor, whichever is less, and in case of continuing failure, with further penalty of ₹500 for each day after the first during which such failure continues, subject to a maximum of ₹5 lakh.