

1. (a) Explain with reference to the relevant Auditing and Assurance Standard:
Inherent Risk

2. Discuss in brief the types of audit risk and inter relationship of components of audit risk

3. State with reason (in short) whether the following statement is correct or incorrect. Inherent and control risk, and detection risk have same meaning.

4.. State with reasons (in short) whether the following statements are True or False:

(i) When the auditor uses more Professional Judgement, the Degree of Inherent risk is Lower

5. A company has ` 60 lakh of paid up Capital and ` 3 crore of average Annual Turnover of past three years preceding the Financial year under Audit. The company does not have any Internal Audit system because the Management does not think it necessary. As an Auditor how would you react?