

Time:3 Hours

Auditing

Max : 100 Marks

All questions are compulsory
All question carry 20 marks each

Q 1. (a)

(10 Marks)

Rewrite statements and state if they are true or false (Any 10).

- Fraud is unintentional error.
- Errors of principle affect the trial balance.
- It is compulsory for a proprietor to appoint a statutory auditor.
- Internal audit is compulsory under the companies Act 2013.
- Continuous audit is done at the end of the year.
- Internal auditor must be appointed in the Annual General Meeting.
- Statutory auditor should evaluate internal audit function.
- Internal audit constitutes an important element of internal control system.
- Transactions not supported by documentary evidence imply a fraud has been committed.
- The auditor should carry out vouching with care and caution.
- Carbon copy of cash memo is the evidence of cash sales.
- Vouching subsequent collection of debtors provides evidence as to their valuation.

And

(10 Marks)

Q 1. (b)

Match Columns and Rewrite the Statement (Any 10)

Column A	Column B
* Audit program	* Audit of less than 100% of items
* Audit Under the Companies Act, 2013	* Dividing the Population into different classes
* Audit Under the Income Tax Act, 1961	* Prepared by the Auditor
* Audit working papers	* Prepared by the management
* Books of Accounts	* Property of the auditor
* Closing stock	* Property of the organization
* Internal auditor	* responsible to shareholders
* Internal Control Manual	* responsible to the management
* Statutory auditor	* Statutory audit
* Stratified sampling	* Tax Audit
* Telephone expenses	* Verification
* Test checking	* Vouching

Q 2.a. What are advantages and limitations of audit? (12 Marks)

Q 2.b. Distinguish between Auditing and Accounting. (08 Marks)

Or

Q 2.a. What is Concurrent Audit? Explain its advantages and limitations. (10 Marks)

Q 2.b. Distinguish between Final audit and Interim Audit. (10 Marks)

Q 3.a. Explain basic principles of internal audit. How it is useful for management? (12 Marks)

Q 3.b. What are statutory provisions under the Companies Act, 2013 for qualifications required for an internal auditor? (08 Marks)

Or

Q 3.a. What are advantages of review of internal control? Explain auditor's duties with regard to internal control (10 Marks)

Q 3.b. What are general considerations in framing system of internal check (10 Marks)

Q 4.a. What is verification? What are its advantages? (12 Marks)

Q 4.b. How will you verify following items? (any two) (08 Marks)

1. Book Debts/Debtors
2. Outstanding Expenses
3. Bills Payable

Or

Q 4.a. What is vouching? What are special considerations to be kept in mind while vouching? (12 Marks)

Q 4.b. How will you vouch for following items? (any two)

(08 Marks)

1. Sales on Approval
2. Commission Expenses
3. Interest Expense

Q 5.a. What is Audit Planning? What are Objectives of Audit Planning?

(10 Marks)

Q 5.b. What is test check? What are its advantages?

(10 Marks)

Or

Q 5. Short Notes (Any Four)

(20 Marks)

- a) Teeming and Lading
- b) Distinguish between Audit and Investigation
- c) Audit program
- d) Continuous Audit
- e) Essentials of internal audit report
- f) Internal Control Questionnaire