

Time: 3 Hours

Max : 100 Marks

All questions are compulsory  
All questions 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

**Q 1. (b)** (10 Marks)

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