

Time : 2.5 Hour.

Note: 1) All questions are compulsory

2) Figures to the right indicates full marks.

75 marks.

18/4/23

**FYBAF AUDIT PAPER 2**

**FYBAF sem II Reg. Exam April-2023**



**Q 1) (A) Select the appropriate option and rewrite the sentences (Any 8): (8)**

- (1) Audit Note Book is also called as audit \_\_\_\_.  
(a) Record (b) File (c) Memorandum
- (2) Unintentional mistake is \_\_\_\_  
(a) Error (b) Fraud (c) Unintentional error.
- (3) Bills Receivable account is a \_\_\_\_ account.  
(a) Personal (b) Real (c) Nominal
- (4) Written Audit Plan is called as audit \_\_\_\_.  
(a) Programme (b) Note Book (c) File
- (5) Internal Check is instituted by the \_\_\_\_.  
(a) Management (b) Auditor (c) Government.
- (6) \_\_\_\_ audit is compulsory in law.  
(a) Statutory (b) Continuous (c) Internal.
- (7) Internal Control includes internal \_\_\_\_.  
(a) Records (b) Check (c) Examination.
- (8) Special Audit can be ordered by \_\_\_\_.  
(a) State Government (b) Municipality (c) Central Government.
- (9) The main objective of \_\_\_\_ is to avoid or reduce the tax Liability.  
(a) Secrete Reserve (b) Window Dressing (c) Auditing.
- (10) Confirmation is an example of Audit \_\_\_\_.  
(a) Procedure (b) Method (c) Technique.

**Q 1) (B) State whether following statements are TRUE/FALSE (Any 7) (7)**

- (1) An error of omission does not affect the trial balance.
- (2) Test check is the same as internal check.
- (3) Statutory audit is compulsory for sole proprietor.
- (4) The Auditor is watchdog, but not bloodhound.
- (5) Cost Audit is applicable to all limited companies.
- (6) Casting error is a type of two sided error.
- (7) The term "General Purpose Financial Statements" includes a cash flow statement (Where ever applicable).
- (9) Developing Internal control system is the auditor's responsibility.
- (10) After accepting engagement letter the auditor should obtain knowledge about a new client's business.

- Q 2) (A) What is auditing? What are the advantage of auditing? (8)**  
**(B) What are the duties of an auditor in respect of window dressing? (7)**

**OR**

- (P) What is final audit? What are its advantages and disadvantages? (8)**  
**(Q) Define Fraud? What is manipulation of records? (7)**

- Q 3) (A) What is an Audit Note book? Explain the contents of Audit Note Book? (8)**  
**(B) What is Audit working papers? Explain the contents of current file? (7)**

**OR**

- (P) What are the steps to be taken by the auditor before commencement of an audit? (8)**  
**(Q) Explain the disadvantages of audit programme? (7)**

- Q 4) (A) How auditor should evaluate internal control for sales? (8)**  
**(B) What are the auditor's duties regarding internal check? (7)**

**OR**

- (P) How auditor should evaluate internal control for creditors? (8)**

(Q) Distinguish between Internal Audit and Statutory Audit?

(7)

**Q 5) Write short notes on (Any 3)**

**(5 Marks each)**

- (1) Special Audit
- (2) Audit Sampling
- (3) Audit Engagement Letter
- (4) Auditor Liability
- (5) Errors of commission.

