

FYBAF sem II Regular & A.T.K.T Exam April-2018  
16/4/18 Audit

Q.P. Code : 30525

[Time: 2½ Hours]

[ Marks: 75]

Please check whether you have got the right question paper.

- N.B:
1. All questions are **compulsory**.
  2. **Figures** to the **right** indicate full marks.



1. (a) Fill in the blanks with appropriate words and rewrite the Statements: (Any 8)

08

- 1) The secondary objective of audit is to \_\_\_\_\_.  
(report / detect errors and frauds)
- 2) \_\_\_\_\_ is an external user of financial information.  
(owner / government)
- 3) Misappropriation of cash is a type of \_\_\_\_\_.  
(error / fraud)
- 4) \_\_\_\_\_ quality of an auditor expects him/her to maintain secrecy.  
(independent / confidentiality)
- 5) Audit undertaken after the completion of financial year is called \_\_\_\_\_ audit.  
(final / interim)
- 6) Any information is considered as \_\_\_\_\_ if it can change the decision of the users.  
(material / confidential)
- 7) Preparation of books of accounts is responsibility of \_\_\_\_\_.  
(auditor / management)
- 8) Audit \_\_\_\_\_ is used for recording queries and special points.  
(notebook / working papers)
- 9) \_\_\_\_\_ checking is applied to less than 100% of the population.  
(sample / routine)
- 10) Internal control for salaries can be checked with \_\_\_\_\_ supporting document.  
(sales invoice / salary slip)

(b) State whether the following statements are **True** or **False** and rewrite the statement (Any 7): 07

- 1) Notes to accounts is part of financial statements.
- 2) Window dressing is better than secret reserve.
- 3) Management is responsible for prevention and detection of errors and frauds.
- 4) Audit evidence is conclusive in nature.
- 5) Negative net worth is an indication of absence of going concern.
- 6) The objective of internal control is safeguarding of assets.
- 7) The internal audit functions reviews the compliance with law and regulations.
- 8) Audit working papers are the property of the auditor.
- 9) Test check is suitable for opening and closing entries.
- 10) A copy of Articles of association should be filed in current audit file.

2. (a) Explain the objectives of a company audit. 08  
 (b) What are the desirable qualities of an auditor? Explain. 07
- OR**
- (c) What is continuous audit? What are its advantages and disadvantages? 08  
 (d) Explain the basic principles governing an audit. 07
3. (a) What is audit programme? Discuss its disadvantages. 08  
 (b) Describe the contents of current audit file. 07
- OR**
- (c) What is Audit notebook? Explain the importance and contents of audit note book. 08  
 (d) Define Audit Plan. What are the factors to be considered before planning an audit? 07
4. (a) What is internal control? Explain the inherent limitations of internal control. 08  
 (b) Define audit sampling. What are the methods of selecting an audit sample? 07
- OR**
- (c) What is internal control? Design an internal control system for salaries and wages. 08  
 (d) What is test check? What are its disadvantages? 07
5. (a) Explain the difference between internal auditor and external auditor. 08  
 (b) What is Internal Audit? Discuss the functions of internal audit. 07
- OR**
5. Short Notes (attempt any three) 15
- a) Balance sheet audit
  - b) Audit materiality
  - c) Concept of True and fair view
  - d) Accounting V/s Auditing
  - e) Advantages of audit
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