



(Time: 2 1/2 Hours)

[Total Marks :75]

- N.B. 1) All questions are compulsory subject to internal choice.
2) Figures to the right indicates full marks.

Q1.(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) Real (b) Personal (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 under law.
(a) Statutory (b) Continuous (c) Internal
- 7) Internal control includes internal _____ and internal audit.
(a) Record (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) Secret Reserve (b) Window Dressing (c) Auditing
- 10) Confirmation is an example of Audit _____.
(a) Procedure (b) Method (c) Technique

Q1.B) State whether following statements are 'True' or '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 proprietors.
- 4) The Auditor is a 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 (Wherever applicable).
- 8) Financial statements are required to be prepared in accordance with relevant statutory requirements.
- 9) Developing the internal control system is the auditor's responsibility.
- 10) After accepting engagement letter the auditor should obtain knowledge about a new client's business.

Q2. a) What is Auditing? What are the advantages of auditing? (8)

b) What are the duties of an auditor in respect of window dressing? (7)

OR

Q2.c) What is Final Audit ? What are its advantages and disadvantages? (8)

d) Define Fraud. What is manipulation of records? (7)



- Q3. a) What is an audit note book ? Explain the contents of Audit Note Book. (8)
b) What is audit working paper? Explain the contents of current file. (7)
OR
Q3.c) What are the steps to be taken by the auditor before commencement of an audit? (8)
d) Explain the disadvantages of audit programme. (7)
- Q4. a) How auditor should evaluate internal control for sales? (8)
b) What are the auditor's duties regarding the internal check? (7)
OR
Q4.c) How auditor should evaluate internal control for creditors? (8)
d) Distinguish between Internal audit and Statutory audit. (7)
- Q5.a) Explain the features of statutory audit. (8)
b) Distinguish between Internal check and Internal Control. (7)
OR
Q5. Write short notes on (Any 3) (15)
1) Special Audit
2) Audit Sampling
3) Audit Engagement Letter
4) Audit liability
5) Errors of Commission
