

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 statement 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 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**
- Balance sheet audit
  - Audit materiality
  - Concept of True and fair view
  - Accounting V/s Auditing
  - Advantages of audit