

TIME: 3 Hours

Marks: 100

N.B: (1) All questions are compulsory.

(2) Figures to the right indicate full marks.

1. (A) State whether the following statements are True or False (Any Ten) (10)

- i. The statutory auditor is responsible for taking and compiling the inventory.
- ii. An auditor should act like a bloodhound and not a watchdog.
- iii. An auditor cannot take the help of experts.
- iv. Routine Checking is normally done by the senior audit staff.
- v. The audit technique of confirmation is a formal inquiry only from insiders.
- vi. Internal Control System is the responsibility of the management.
- vii. An Audit Program will serve its purpose only if it is in writing.
- viii. Audit sampling does not reduce the responsibility of the auditor for his opinion.
- ix. An auditor has no right of lien on the books of accounts of the company.
- x. Continuous Audit is an audit conducted during the year with regular or irregular intervals.
- xi. Sample size depends also upon the auditor's assessment of degree of reliance to be placed on the internal controls.
- xii. An auditor should also verify contingent liabilities.

(B) Match the Columns (Any Ten) (10)

Column 'A'	Column 'B'
<ul style="list-style-type: none"> • Vouching • Wrong Casting by mistake • Teeming and Lading • Audit History • Random Selection • Internal Check • Internal Auditor • Audit Working Papers • Statutory Auditor • Bankers • Balance Sheet Audit • Fraud by Management 	<ul style="list-style-type: none"> • Method of selecting sample • Helps in deciding Sample Size • Examination of documentary evidence • A type of error • A type of fraud • Window Dressing • Users of financial information • Prescribed Qualification • No Prescribed Qualification • Part of Internal Controls • Property of Auditor • In-depth Audit of Items in Balance Sheet

2. A) Explain the concept 'True and Fair View' in auditing. (08)
B) What are the primary objectives of Auditing? (07)

OR

- C) Explain the term 'Errors'. What are the different types of Errors? (08)
D) What is meant by 'Annual Audit'? What are its advantages? (07)

3. A) What is an 'Audit Note Book'? What are its contents? (08)
B) What is an 'Audit Program'? What are its disadvantages? (07)

OR

- C) What is a Permanent Audit File? What are the contents of a Permanent Audit File? (08)
D) Explain the importance of the Audit Working papers. (07)

4. A) Enumerate the factors influencing the sample size. (08)
B) What is Test Checking? Explain in brief the drawbacks of Test Checking. (07)

OR

- C) What are Internal Checks? What are the objectives of Internal Checks? (08)
D) Explain the Internal Controls for Debtors. (07)

5. A) How would you verify Plant and Machinery? (08)
B) How would you vouch Cash Sales? (07)

OR

- C) How would you verify Furniture and Fixtures? (08)
D) How would you vouch Consignment Sales? (07)

6. A) What is Auditing? What are the inherent limitations of Auditing? (10)
B) Explain the concepts of Verification and Valuation. (10)

OR

6. C) Write Short Notes (Any Four) (20)
a) Principles of Auditing
b) Secret Reserve
c) Audit Planning
d) Sampling Risk
e) Internal Audit
f) Vouching
