

DURATION: - 3 hrs

24204424

MARKS:- 100

- Note: - (1) All questions are compulsory.
 (2) Figures to the right indicate full marks
 (3) Answer to each question must be on a new page

Q.1.A) **Select the appropriate option and rewrite the following sentence:-** 10M

(Any 10)

CO1,3-R

- 1) _____ is a systematic examination of the books and records of a business
 a) Auditing b) Vouching c) Verification d) Checking
 - 2) Which of the following is least likely to uncover fraud?
 a) External auditor b) Internal auditor c) External controls d) Management
 - 3) Window dressing is most likely to be committed by whom?
 a) Line employees of the company b) Outside members of the company's board of directors
 c) Company management
 d) The company's auditors
 - 4) Cartage paid to newly purchased machinery posted to cartage account. This is
 a) Error of omission b) Error of commission c) Error of principle d) Mathematical error
 - 5) Secret reserve can be created by _____
 a) Public limited company only b) Banking companies only c) Private limited company only
 d) Cooperating societies
 - 6) Audit plan should be based on knowledge of the clients _____
 a) Profits b) Networth c) Business d) Reputation
 - 7) Working papers are the property of that
 a) Client b) Client and the auditor c) Auditor d) Management
 - 8) An auditor uses documents to support recorded transactions the process is often called
 a) Inquiry b) Confirmation c) Inspections d) Observation
 - 9) Which of the following is responsible for establishing a private companies internal control
 a) Senior management b) Internal auditor c) ICAI d) Audit committee
 - 10) A _____ is a document that indicates a request for goods by a customer
 a) Sales Invoice b) Vendor invoice c) Sales order d) Customer orders
 - 11) Which of the following documents is best for verifying the correct balance in creditors
 a) Bills of lading b) Confirmation c) Supplier invoices d) Suppliers statements
 - 12) The auditor will examine bill of lading in order to vouch
 a) Sales within the state b) Sales outside the state c) Exports d) Sales on approval
- B) **State whether the following statements are True or False:-** CO1,3-R 10M
- (Any 10)
- 1) Account become incorrect when the principles of double entry is not followed
 - 2) Audited accounts are free from fraud

- 3) The trial balance ensure the arithmetical accuracy of the book
- 4) Audit plan should be primarily based on knowledge of accounting standards
- 5) The audit technique of confirmation is a formal enquiries from insiders
- 6) An audit program should not be in writing as it is confidential
- 7) Just checking emphasis quantity rather than quality
- 8) Once internal control system is implemented there can be not fraud or error
- 9) Internal auditor report to the shareholders whether the internal controls are true and fair
- 10) Auditor need not check the goods received note in case of cash purchases
- 11) There is no risk involved in audit sampling
- 12) Audit report is a part of financial statements
- Q.2 a) Define audit? State its features CO1-R 10M
- Q.2 b) Distinguish between accounting and auditing CO1-U 10M
- OR**
- Q.2 c) What is secret reserve? How secret reserve is created? CO1-U 10M
- Q.2 d) Explain concept of annual audit with advantages and disadvantages CO1-R 10M
- Q.3 a) Discuss audit program and its advantages CO1-U 10M
- Q.3 b) Explain types of audit procedures CO1-U 10M
- OR**
- Q.3 c) Distinguish between audit principles and audit techniques CO1-R 10M
- Q.3 d) Explain types of audit techniques CO1-U 10M
- Q.4 a) Distinguish between test checking and routine checking CO2-R 10M
- Q.4 b) Explain advantages of statistical sampling in auditing CO2-U 10M
- OR**
- Q.4 c) Explain concept of internal control and its advantages CO2-R 10M
- Q.4 d) Explain internal control for purchases CO2-U 10M
- Q.5 a) Discuss important points to be considered in vouching CO3-U/R 10M
- Q.5 b) How should auditor verify land and building CO3-U/R 10M
- OR**
- Q.5 c) **Write Short Note on (Any 4)** CO1,3-U/R 20M
- a) Continuous audit
- b) True and fair view
- c) Essentials of audit evidence
- d) Objectives of internal control
- e) Vouching Rent
- f) Verification of accounts payable
