

[3 Hours]

[Marks: 100]

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) State whether the following statements are True or False (Any Ten)

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1. The primary duty of the auditor to detect errors & frauds.
2. Auditing begins where the accounting ends.
3. Compensating errors effect the Trial Balance.
4. Audit Note Book is maintained by the auditor.
5. Test checking involves checking of all the transactions in the books of original entry.
6. Sampling is an independent audit technique.
7. An audit program must be fixed.
8. A Debit Note is for purchase return.
9. Stock checking involves actual verification & counting.
10. An Internal control system is designed & established by the auditor.
11. Ownership of plant & machinery can be in the name of the director of the company.
12. Current file is a file which contains working papers of the year under audit.

(B) Select the most appropriate answer and write the complete sentence (Any Ten)

10

1. The Auditor's Report gives an opinion on _____ of the financial statements.
 - a) 'True and Fair View'
 - b) 'True and Correct View'
 - c) Correctness
 - d) None of the above
2. Repairs of equipment debited to Equipment Account is an _____.
 - a) Error of Commission
 - b) Error of Principle
 - c) Error of Omission
 - d) None of the above
3. Current file and Permanent file are together known as _____.
 - a) Audit Plan
 - b) Audit Programme
 - c) Audit Working Papers
 - d) None of the above
4. Internal audit may be done _____.
 - a) To prevent errors
 - b) To prevent frauds
 - c) To update accounting records
 - d) All of the above

5. Audit programme is prepared by _____.
 - a) The auditor
 - b) The client
 - c) The accountant
 - d) The client and the auditor
6. Window Dressing is most likely to be committed by
 - a) Staff
 - b) Management
 - c) Auditors
 - d) None of the above
7. _____ is a fraud that involved theft of an entity's assets.
 - a) Window Dressing
 - b) Falsification of records
 - c) Misappropriation of Assets
 - d) All of the above
8. _____ is an example of external documentary evidence.
 - a) Carbon copies of Receipts
 - b) Salary sheets of Employees
 - c) Department requisition slips
 - d) Balance confirmation letters from Debtors
9. When an Auditor seeks information or explanation from others/employees of the client, the process is known as _____.
 - a) Inquiry
 - b) Observation
 - c) Computation
 - d) Analytical Review
10. _____ method of sample selection ensures that all items in the population have an equal chance of selection.
 - a) Systematic Selection
 - b) Random Selection
 - c) Haphazard Selection
 - d) None of the above
11. Vouching of telephone charge is done on the basis of _____.
 - a) Telephone bill
 - b) Payment voucher
 - c) a and b
 - d) None of the above
12. In verification of a fixed asset, the auditor checks _____.
 - a) Confirmation from Debtors
 - b) Bank Reconciliation Statement
 - c) The existence, ownership, non-omission and disclosure of the asset
 - d) None of the above

2. (A) Explain different types of Errors and Frauds.

15

OR

2. (B) Explain Interim Audit.

07

(C) Explain Continuous Audit.

08

3. (A) What are audit working papers? Explain the importance of audit working papers. 15
- OR
3. (B) What are the contents of Permanent Audit files and Temporary Audit files? 15
4. (A) Explain Internal Control. 15
- OR
- (B) Write an Internal control system for Salaries and Wages. 07
- (C) What is Test Checking and when can it be adopted? 08
5. (A) What is a voucher? Explain vouching. 07
- (B) What points should be considered by the Auditor in verification? 08
- OR
- (C) Explain Verification. 07
- (D) How would you vouch 'Purchases'? 08
6. (A) How would you verify 'Plant & Machinery'? 10
- (B) How will you verify sundry debtors? 10
- OR
6. Write short notes on (any four) : 20
- a) Any five principles of Audit
 - b) Balance sheet audit
 - c) Audit Procedure
 - d) Audit sampling and purpose of sampling
 - e) Internal check
 - f) Audit Planning