

[Time: 2 ½ Hours]

[Marks: 75]

Please check whether you have got the right question paper.

- N.B.-: 1. All questions are compulsory.  
2. Question Nos. 2 to 5 has internal options.  
3. Figures to the right indicate full marks.

**Q1. a) Select the most appropriate option and rewrite the full sentence: (any Eight) (08)**

1. The objective of internal control is to \_\_\_\_\_.
  - a. Prevent frauds
  - b. Prevent inefficiency
  - c. Improve financial
  - d. Select right people
2. Investment is normally valued at \_\_\_\_\_ the end of accounting year.
  - a. Cost price
  - b. Market price
  - c. Realizable value
  - d. None of above
3. \_\_\_\_\_ Method of selecting sample ensures that all items in the population have an equal chance of selection.
  - a. Random selection
  - b. Systematic selection
  - c. Haphazard selection
  - d. None of the above
4. \_\_\_\_\_ deals with audit sampling.
  - a. SA 530
  - b. SA 400
  - c. SA 610
  - d. SA 510
5. Working papers are the property of the \_\_\_\_\_.
  - a. Auditor
  - b. Client
  - c. Client and the auditor
  - d. None of the above
6. Manipulation of accounts to show a better position is called as \_\_\_\_\_.
  - a. Secret reserve
  - b. Window dressing
  - c. True and fair view
  - d. None of the above
7. Audit programme should be \_\_\_\_\_.
  - a. Oral
  - b. Rigid
  - c. Flexible
  - d. Oral and flexible
8. The \_\_\_\_\_ implies application of audit procedure to less than 100% of the items within a class of transactions.
  - a. Audit working paper
  - b. Audit programme
  - c. Audit sampling
  - d. None of the above



9. Auditor expresses his expert opinion through his \_\_\_\_\_
- Audit Report
  - Audit Note Book
  - Audit Working Paper
  - Audit Evidence
10. Auditing commences after \_\_\_\_\_
- Investigation is carried out
  - Accounting work is over
  - The general meeting is over
  - None of the above
- b). **State whether following statements are true or false: (any7)** (07)
- Voucher need not be dated.
  - Fixed assets should be shown as market value.
  - There is no risk involved in audit sampling
  - Permanent audit file includes Trust Deed.
  - Management has no control over internal control.
  - Vouching includes verification.
  - Audit in depth is part of checking.
  - Verification protects against misuse of assets.
  - An Error of Principle will not affect the Trial Balance.
  - Routine checking save time.
- Q2. a) Enumerate the different types of errors. (08)  
b) Explain any four basic Principles of Auditing (07)
- OR**
- Q2. a) What is Audit Working Papers? Explain importance of Audit Working Papers. (08)  
b) What is Audit Programme? What are the essentials of Audit Programme? (07)
- Q3.a) What is Internal Control? Explain the auditor's duties in respect of Internal Control. (08)  
b) What is Current file? Explain the contents of Current file. (07)
- OR**
- Q3.a) What is 'Test Checking'? Explain its advantages. (08)  
b) How would you vouch the following? (07)  
i) Royalties Income  
ii) Salary Expenses
- Q4. a) What is verification? How would you verify 'Investment'? (08)  
b) What are the duties of an auditor in respect of Internal Check? (07)
- OR**
- Q4.a) What is Audit Sampling? Enumerate the basic factors influencing sample size?. (08)  
b) What do you mean by Vouching? Explain its importance. (07)
- Q5. a) Distinguish between Investigation and Auditing . (08)  
b) State the different types of misappropriation of goods? (07)
- OR**
- Q5 Write short notes on: (any 3)** (15)
- Going concern concept
  - True and Fair view
  - Window dressing
  - Audit note book
  - In- depth audit