

Q.P. Code :32395

[Time: 2½ Hours]

[Marks: 75]

- N.B:**
1. All questions are compulsory.
 2. Question No.2 to 5 have internal options.
 3. Figures to the right indicate full marks.

Q.1 A) Rewrite the complete sentence and state whether it is true or false (Any Eight) 08

1. Planning helps the auditors to devote appropriate attention to important areas of the audit.
2. Audit programme provide clear cut instructions to the audit staff in carrying out the work.
3. Repairs to furniture is debited to furniture account is an error of principle.
4. Size of sample depends on effectiveness of an internal control system.
5. Routine checking is highly mechanical process.
6. The purpose of internal control is to safeguard the assets of organization.
7. Vouching means examination of documentary evidence.
8. Debit notes are issued when goods are returned to suppliers.
9. Audit programme should be flexible.
10. Preparation of audit plan is brain storming exercise.

B) Match the following items in column 'A' with most appropriate item in column 'B' and rewrite :- (Any seven) 07

Column 'A'	Column 'B'
1. Audit note book	• Journals
2. Accountancy	• Balance sheet & profit and loss account
3. Financial statement	• Available for future reference
4. External report	• Preparation of final statements
5. Teeming & lading	• To know existence of assets
6. Fraud	• Obtained information of client business
7. Verification	• A technique of fraud
8. Permanent audit file	• Intentional mistake
9. Principle of integrity	• Audit of less than 100% of items
10. Audit sampling	• Auditors should be honest in his profession

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- Q.2** a) Define the term 'Auditing.' Briefly explain the principles of Auditing. **08**
b) What is 'secret reserve'? Explain the objections against secret reserve. **07**

OR

- c) Briefly explain the Auditor's duties regarding frauds & errors. **08**
d) State the different instances of misappropriation of goods. **07**

- Q.3** a) What preparation is necessary by the client before commencement of audit work? **08**
b) What is 'Audit Programme'? Explain the advantages of an 'Audit Programme' **07**

OR

- c) Define audit sampling. Explain the factors which are to be considered while selecting the sample size. **08**
d) What is 'Current Audit File'? State the contents of a 'Current Audit File' **07**

- Q.4** a) State the meaning of the 'Routine checking' Describe the disadvantages of 'Routine Checking'. **08**
b) How would you vouch 'Advertisement Expenses'? **07**

OR

- c) What is 'Test check'? Explain advantages of test checking. **08**
d) What should be the main features of internal control as regards to 'Credit purchases'? **07**

- Q.5** a) How would you vouch, 'Rent Income'? **08**
b) How would you verify, 'Accounts receivable'? **07**

OR

- Q.5** Write short note on the following : (Any three) **15**

1. Window dressing
2. True & fair view
3. Overall audit plan
4. Independence of an auditor
5. Audit working papers.
