

TyBCom / Sem-VI / Financial Accounting & Auditing  
Paper X - Auditing

Q.P. Code : 02253

[Time: 2½ Hours]

[Marks:75]

Please check whether you have got the right question paper.

- 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)

- i) Goods sent on approval basis have been recorded as credit sales. This is an example of Error of Commission.
- ii) Audit note book is a part of the current audit file.
- iii) Size of sample depends upon effectiveness of an internal control system.
- iv) Profit may be understated by overvaluation of closing stock.
- v) Internal control is instituted by the management.
- vi) Compensating errors do not affect the trial balance.
- vii) Commission received is vouched on the basis of cash book.
- viii) Preparation of audit plan is a thinking exercise.
- ix) Debit notes are issued when goods are returned by customers.
- x) Receiver's signature should be on revenue stamp if a receipt is for an amount exceeding Rs. 1,000.

Q. 1 b) Match the following items in Column 'A' with most appropriate items in Column 'B' and rewrite: (any seven) (07)

Column 'A'	Column 'B'
1. Tolerable Error	• Detailed schedule of Audit work
2. Overvaluation of Stock	• Expression of Opinion
3. Teeming & Lading	• Vouching of Revenue from Sales
4. Audit Programme	• Internal Control
5. Ownership of Audit Working Papers	• Error of Principle
6. Audit in Depth	• Acceptable Maximum Errors
7. Object of an Audit	• Technique of Fraud
8. Routine Checking	• Arithmetical Accuracy
9. Audit of Income	• Part of Test Check
10. Management Need	• Auditor

Q. 2 a) What is the meaning of 'financial statements'? Who are the users of Financial Statements? (08)

b) What is 'Secret Reserve'? Describe the auditor's duties regarding 'Secret Reserves'. (07)

OR

Q. 2 a) Explain the meaning and objectives of 'Audit Planning'. (08)

b) Distinguish between 'Accounting and Auditing'. (07)

[P.T.O]

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- Q. 3 a) Discuss the factors to be considered by an auditor while developing an Audit Programme. (08)  
b) How can the auditor evaluate sample results? (07)  
**OR**
- Q.3 a) What is 'Permanent Audit File'? State the contents of a 'Permanent Audit file'. (08)  
b) Describe the advantages of an 'Audit Programme'. (07)
- Q. 4 a) What are the benefits of review of internal controls by the auditors? (08)  
b) State the factors to be considered in determining sample size. (07)  
**OR**
- Q.4 a) What are the advantages of 'Test Checking'? (08)  
b) Briefly discuss a sample of internal controls for 'Salaries'. (07)
- Q. 5 a) How would you verify 'Long Term Investments'? (08)  
b) How would you vouch 'Cash Purchases'? (07)  
**OR**
- Q.5 **Write short notes on the followings :- (any three)** (15)  
i) Primary Objective of Auditing  
ii) Materiality Concept  
iii) Overall Audit Plan  
iv) Sample Risk  
v) Internal Check
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