

Q 2 a) Define the term Auditing and explain its objectives. 8

b) Distinguish between accounting and auditing. 7

OR

c) What are the auditor's responsibility towards errors and frauds 8

d) Explain classification of audit on the basis of authority. 7

Q 3 a) What is audit program? Explain the advantages of an audit program. 8

b) What factors auditor should consider before commencing actual audit? 7

OR

c) Explain audit sampling how the auditor selects sample size. 8

d) Explain the concept of test checking and its advantages & limitations. 7

Q 4 a) What is internal control? Explain the duties of an auditor in respect of internal control. 8

b) How will you verify the following: 7

i) Cash at Bank ii) Trademarks

OR

c) How will you verify the following receipts: 8

i) Commission received ii) Income Tax refund

d) Distinguish between internal audit and external audit. 7

Q 5 a) Explain the importance of vouching. 8

b) Explain the general considerations while framing the system of internal check. 7

OR

c) Write Short notes: (Any Three) 15

i) Window Dressing

ii) Interim Audit

iii) Auditor Lien

iv) True & Fair View

v) Error of Commission

[Time: 2 ½ Hours]

[Total 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 have internal options.
3. Figures to the right indicate full marks.

Q 1 a) Match the following: (Any 8)

8

Column A	Column B
1) Teeming and Lading	a) Limited Capital
2) Principle of integrity	b) Mechanical
3) Salaries & Wages	c) Type of Fraud
4) Plant & Machinery	d) Honesty of Auditor
5) Audit note book	e) Attendance register
6) Verification	f) Interim Audit
7) Interim Dividend	g) Plant Register
8) Secret reserve	h) Information of clients business
9) Audit of small enterprise	i) Existence of Asset
10) Limitation of Audit Program	j) Understatement of Assets

b) State whether following statement are True or False: (Any 7)

7

- 1) Audit program should be flexible.
- 2) Vouching means examining the documentary evidence.
- 3) Audit planning is a continuous process.
- 4) In Window dressing liabilities are overstated.
- 5) Audit working papers are property of client.
- 6) The Primary objective of auditing is detection and prevention of errors and frauds.
- 7) Auditing can be done by employee of the company.
- 8) Any addition or withdrawal from revenue reserves should be with approval of Board of directors.
- 9) Error of partial omission affects the Trial Balance.
- 10) Auditor can give suggestion for improvement of internal control.