

[Time:2.30 Hrs]

[Marks:75]

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.
 3. Working notes should form part of the main answer
 4. Use of simple calculators is allowed.

Q. 1. A. Fill in the blanks choosing the correct alternative: (Any Eight)**08**

1. The main object of an audit is _____.
 - a. To ensure that the final accounts are prepared.
 - b. Detection and prevention of frauds and errors.
 - c. Verification of accounts and financial statements.
 - d. To ensure future viability of the concern.
2. The main objective of window – dressing is _____.
 - a. To reduce tax ability
 - b. To mislead investors
 - c. To understate profits
 - d. To avoid payment of bonus to workers
- iii) Auditing commences after _____.
 - a. Investigation is over
 - b. Accounting work is over
 - c. The General Meeting is over
 - d. None of the above
- iv) _____ is not an error of commission.
 - a. Arithmetical error
 - b. Compensating error
 - c. Posting error
 - d. None of the above
- v) Audit conclusions and reporting is _____.
 - a. Advantage of audit
 - b. Technique of audit
 - c. Limitation of audit
 - d. Principle of audit
- vi) Internal check is meant for _____.
 - a. Prevention of fraud
 - b. Increase in the profits
 - c. Detection of fraud
 - d. Helping audit in depth
- vii) _____ deals with audit sampling
 - a. SA 530
 - b. SA 400
 - c. SA 610
 - d. SA 510
- viii) Under _____ sampling the whole population is divided into some group and items are selected from each group
 - a. Random
 - b. Stratified
 - c. Block
 - d. Cluster
- ix) Audit Program should be _____.
 - a. Oral
 - b. Rigid
 - c. Oral and Flexible
 - d. Flexible
- x) Internal auditor's appointment is made by
 - a. Institute of internal auditor of India
 - b. Members at the annual General meeting
 - c. The management
 - d. The statutory auditor

- Q. 1. B. State whether the following statements are True or False (any seven):** **07**
- An error of principle will not affect the trial balance.
 - The term audit has been derived from the Latin term Audire.
 - The allocation of amount between capital and revenue expenditure is a compensating error.
 - Audited accounts are free from errors and frauds.
 - Audit plan should be primarily based on knowledge of client's business.
 - Permanent Audit file includes Trust Deed.
 - Audit working papers constitute the link between the auditor's report and client's records.
 - Recording of transaction without substance is an example of management fraud.
 - Fraud refers to unintentional misstatement in the financial statements
 - Auditor is not and cannot be held responsible for the prevention of fraud and error.
- Q. 2. A. What is a fraud? What are the different types of frauds?** **08**
- Q. 2. B. What are the advantages and limitations of auditing?** **07**
- OR**
- Q. 2. C. Enumerate advantages and disadvantages of continuous audit.** **08**
- Q. 2. D. Explain in brief different types of errors** **07**
- Q. 3. A. What do you mean by an Audit Programme? What are its contents?** **08**
- Q. 3. B. What are the various techniques of auditing?** **07**
- OR**
- Q. 3. C. Explain the meaning and requisite contents of audit working papers.** **08**
- Q. 3. D. Describe the importance of audit note book.** **07**
- Q. 4. A. What do you mean by test check? Explain precautions to be taken by the auditor before adopting test check.** **08**
- Q. 4. B. What are the principle aims of audit by Test – checking?** **07**
- OR**
- Q. 4. C. How auditor should evaluate internal control for creditors?** **08**
- Q. 4. D. What are the auditor's duties regarding the internal check?** **07**
- Q. 5. A. Explain the features of statutory audit.** **08**
- Q. 5. B. Distinguish between Internal check and Internal Control.** **07**
- OR**
- Q. 5. C. Write short notes: (Any three)** **15**
- Inherent limitation of audit
 - Concurrent audit
 - Auditing v/s Investigation
 - Secret Reserve
 - Errors of Commission
