

[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) Which of the following is not a kind of audit?
 - a. Statutory and private.
 - b. Government and continuous audit.
 - c. Interim audit.
 - d. None of these
- 2) This kind of audit is conducted generally between two annual audits.
 - a. Internal audit
 - b. Interim audit.
 - c. Final audit.
 - d. Continuous audit.
- 3) Voucher relates to _____.
 - a. Cash receipt.
 - b. Cash payment
 - c. Credit transactions
 - d. All of the above.
- 4) Auditing begins where _____ ends.
 - a. Selling.
 - b. Inventory valuation.
 - c. Accounting.
 - d. Purchases.
- 5) Internal auditor is appointed by _____.
 - a. Management
 - b. Shareholders
 - c. Government
 - d. Statutory body
- 6) Civil liability of an auditor implies liability for
 - a. Misappropriation of cash
 - b. Misappropriation of goods
 - c. Fraud
 - d. Misfeasance
- 7) Audit means _____.
 - a. Recording business transactions
 - b. Preparing final accounts
 - c. Examination of books, accounts or vouchers
 - d. Decision making
- 8) When a transaction has not been recorded in the books of account either wholly or partially such errors are called _____.
 - a. Error of commission
 - b. Error of omission
 - c. Compensating error
 - d. None of the above
- 9) Internal control includes _____.
 - a. Internal audit
 - b. Internal check
 - c. Both internal audit and internal check
 - d. Internal check and external audit
- 10) Audit done by the employees of the business undertaking is called _____.
 - a. Final audit
 - b. Internal audit
 - c. Company audit
 - d. Statutory audit

Q. 1. B. State whether the following statements are True or False (any seven):

07

1. The auditor may approach the audit with a heightened level of professional skepticism
2. Fraud involves motivation to commit the act and a perceived opportunity to do so
3. The responsibility for the prevention and detection of noncompliance rests with the entity management.

4. A perceived opportunity to commit fraud may exist when an individual believes that he can't get away with it.
5. Noncompliance with laws and regulations may result in fines, litigations or other consequences.
6. The risk of not detecting a material misstatement resulting from fraud is lesser than the risk of not detecting material misstatement resulting from error.
7. Test checking does not reduce auditor's liability.
8. An audit Program should not be in writing as it is confidential
9. Auditor should develop a Standard Audit Program applicable to all audits permanently.
10. Audit Plan once developed should never be revised during the course of audit.

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| Q. 2. | A. | Enlist the objectives of Auditing. | 08 |
| Q. 2. | B. | Distinguish between accounting and auditing. | 07 |
| OR | | | |
| Q. 2. | C. | Explain the concept of True and Fair view. | 08 |
| Q. 2. | D. | Distinguish between auditing and investigation | 07 |
| Q. 3. | A. | What are the contents of Working Papers? | 08 |
| Q. 3. | B. | Explain current file. Give examples of its contents. | 07 |
| OR | | | |
| Q. 3. | C. | Explain "Permanent Audit File. Give examples of its contents. | 08 |
| Q. 3. | D. | What are the contents of Working Papers? | 07 |
| Q. 4. | A. | Enlist the advantages and disadvantages of Internal check system | 08 |
| Q. 4. | B. | Explain the terms Internal control, Test check and internal check. | 07 |
| OR | | | |
| Q. 4. | C. | Enlist the factors determining the Sampling size. | 08 |
| Q. 4. | D. | What is internal control? Suggest internal control system for credit purchases. | 07 |
| Q. 5. | A. | "Internal control is a broad term having wide coverage", Explain. | 08 |
| Q. 5. | B. | Distinguish between Internal Audit Vs External Audit | 07 |
| OR | | | |
| Q. 5. | C. | Write short notes (any three) | 15 |
| | a. | Test Checking | |
| | b. | Principles of Internal audit | |
| | c. | Interim Audit | |
| | d. | Window dressing | |
| | e. | Error of principle. | |
