

Duration: 2 ½ Hours

Marks:75

Note: 1) Figures to right indicate maximum marks

2) All questions are compulsory

Q.1) a) State the following are True or False(Any 8): (08)

- 1) It is not the audit to give an opinion on the future prospects of business.
- 2) Secret reserve arise when the profits are understated in the final accounts.
- 3) Trail Balance ensures the arithmetical accuracy of the book.
- 4) Audit plans are to be approved by client being audited.
- 5) An Audit Note Book is the property of the audit assistants and need not be shown to the auditor.
- 6) Audit procedures mean the methods used to obtain audit evidence.
- 7) Once internal control system is implemented, there can be no fraud or error.
- 8) A relative of a director cannot be appointed as the internal auditor of the company.
- 9) Auditor should verify whether the payee has signed on a revenue stamp, if the sum exceeds Rs.50/-
- 10) Auditor need not check the Goods Received Note in case of cash purchases.

Q.1.b.Match the following (Any 7) (07)

GROUP A	GROUP B
1) Intangible asset	a) Independence
2) Long term investment	b) Connection with a suspected fraud
3) Sales	c) Auditors lien
4) Letter of weakness	d) First step in audit process
5) Operational control	e) Statutory Auditor
6) Report to shareholders	f) Budgetary control
7) Audit planning	g) From the auditor to the management regarding internal controls
8) Working papers	h) Cash Memo
9) Investigation	i) Valued at cost
10) Principle of auditing	j) Amortisation

Q2) a) Briefly explain meaning, advantages & disadvantages Continuous Audit. (08)

b) Explain advantages of Auditing. (07)

**OR**

Q2) a) Explain Principles of Audit. (08)

b) Explain Auditors duties regarding frauds. (07)

Q.3. a) Explain advantages of Audit Programme. (08)

b) Briefly explain Audit Notebook and audit engagement letter. (07)

**OR**

Q.3.a) Explain audit pre-audit consideration. (08)

b) Distinguish between internal audit and statutory audit. (07)

Q.4.a) Explain auditor's duties regarding internal control. (08)

b) Explain basic principles governing internal audit. (07)

**OR**

Q.4.a) What are the precaution an auditor take in test check. (08)

b) Explain internal control measures for purchases. (07)

Q.5. a) Explain the points which auditor should check while vouching sales. (07)

b) Explain the points to be considered by auditor in verification of inventory. (08)

**OR**

Q.5. Write short note on any three: (15)

- 1) Annual audit
- 2) Audit evidence
- 3) Audit sampling
- 4) Valuation
- 5) Statutory audit