

Time: 2 1/2 Hrs.

R2AAD423

FYBAF Marks: 75

- Note: 1. All questions are compulsory
2. Figures to the right indicate full marks

11
Auditing 15/4/23.
(8)

Q.1 A. Multiple Choice questions (any 8)

1. Goods taken away by the Proprietor for personal use not recorded anywhere. This is _____.
 - a. Error of Omission
 - b. Error of Commission
 - c. Error of Principle
 - d. Fraud
2. _____ is basically responsible for prevention and detection of errors and frauds.
 - a. Auditor
 - b. Accountant
 - c. Management
 - d. Cashier
3. Audit plans should be based on knowledge of the client's _____.
 - a. Profits
 - b. Net worth
 - c. Business
 - d. Reputation
4. Audit programme is prepared by _____.
 - a. The client
 - b. The client and the auditor
 - c. The auditor and his assistants
 - d. The chief accountant
5. Current file and permanent file are together known as _____.
 - a. Audit plan
 - b. Audit programme
 - c. Audit procedures
 - d. Audit working papers
6. When auditors use documents to support recorded transactions, the process is often called _____.
 - a. Inquiry
 - b. confirmation
 - c. Inspection
 - d. observation
7. Internal auditors are appointed by _____.
 - a. Board of Directors
 - b. Shareholders
 - c. The management
 - d. The central government
8. Ownership of Audit Documentation _____.
 - a. is that of the Auditor
 - b. is that of the Management
 - c. is that of the Assistants
 - d. is that of the shareholders
9. Which of the following need not be checked by an auditor?
 - a. Efficiency of business firm
 - b. Existence of asset
 - c. Occurrence of transaction
 - d. Completeness of ledger
10. Consider the following documents of an auditor.
 - a. Audit Plan
 - b. Audit programme
 - c. Audit Report
 - d. Audit Notebook

Q.1 B. State whether the following are true or false (any 7)

(7)

1. Salary cheque should be distributed by someone independent of the payroll and the time keeping function.
2. A clean audit report indicates that the business will continue to be profitable in future.
3. Errors are usually more difficult for an auditor to detect than frauds.
4. An Audit Note Book is the property of the audit assistants and need not be shown to the auditor.
5. Material errors and frauds discovered during the audit should be recorded in the Audit note book
6. Electronics records (e-mails) obtained by auditor from client form part of working 'papers'.

7. Audit Note Book is part of permanent audit file.
8. In test checking the selection of sample depend upon the personal judgement of the auditor.
9. Systematic selection may be block sampling and cluster sampling
10. In book-keeping, errors are rectified by erasing the wrong figures and writing the correct figures instead.

- Q.2** a. What is Auditing? What are the advantages of Auditing? (8)
b. What are the qualities an auditor should possess? (7)

OR

- Q.2 c. Explain basic principle of audit. (8)
d. What is Window dressing? What are the objectives of window dressing? (7)

- Q.3 a. What are the factors to be considered while planning audit? (15)

OR

- Q.3 b. What is the meaning of audit planning? What are its Objectives? (8)
c. Explain the importance of Audit Note Book. (7)

- Q.4 a. Explain the term Test checking. Explain its advantages and disadvantages. (15)

OR

- Q.4 b. Write a note on Review of Internal control (8)
c. What is the need for sampling? (7)

- Q.5 a. Write in brief on Statutory audit. (8)
b. What is Interim audit? What are its advantages? (7)

OR

- Q.5 Write Short Notes (Any 3)** (15)

1. Error of Omission
2. Teaming and Lading
3. Internal Check
4. Internal Audit
5. Final Audit