

Duration: - 2 hrs 30 mins

Total Marks: - 75

- Notes: -
1. All questions are compulsory subject to internal choice.
 2. Figures to the extreme right indicate full marks.

Q.1.A. Fill in the blanks with appropriate options. (Any 8)

08

1. _____ is responsible for complying with laws and regulations. (Auditor / Management / Employee)
2. Current audit file relating to audit of a partnership firm will not contain _____.
(Audit Plan / Partnership Deed / Audit Program)
3. SA _____ deals with audit sampling. (530 / 400 / 610)
4. New bank loans will be taken under the authority of _____.
(Board of Directors / Accounting Department / Purchasing Department)
5. A financial audit is intended to give _____.
(Qualified Assurance / Absolute Assurance / Positive Assurance)
6. Audit program is prepared by _____. (client / auditor and his assistants / chief accountant)
7. An example of a document originating from and held by entity being audited is _____.
(Sales Invoice / Vendor Invoice / Bank Reconciliation)
8. _____ is a document that indicates a request for goods by a customer.
(Sales Order / Sales Invoice / Customer Order)
9. _____ is responsible for establishing private company's internal control.
(Senior Management / Internal Auditor / Audit Committee)
10. Auditing standards _____ use of internal audit reports by statutory auditor.
(discourage / require / permit)

Q.1.B. State whether following statements are True or False. (Any 7)

07

1. Auditor need not check the 'Goods Received Note' in case of cash purchases.
2. Compensating error causes difference in Trial Balance.
3. An Audit Program should not be in writing as it is confidential.
4. Instruction means observation of an asset.
5. Audited accounts are free from errors and frauds.
6. The smaller the tolerable error, the greater the sample size will need to be.
7. Internal audit is carried out during the work itself.
8. If the stocks are overvalued the profits and assets will be overstated.
9. The auditor is responsible for observing the physical counting of inventory.
10. Emails obtained by auditor from client form part of working papers.

Q.2.A. Explain secret reserve in detail	08
Q.2.B. Write any 7 principles of audit	07
OR	
Q.2.C. Explain Continuous Audit with its advantages and disadvantages	15
Q.3.A. Explain the advantages of Audit Program	08
Q.3.B. What is audit evidence? Mention the essentials of good audit evidence	07
OR	
Q.3.C. Write in detail about Audit Working Papers	15
Q.4.A. Write a note on Internal Control for Cash Sales	08
Q.4.B. Write a note on Internal Control for Creditors	07
OR	
Q.4.C. Write the meaning of Internal Control and explain Internal Control for Credit Sales	15
Q.5.A. Explain the points auditor should check in Supporting Documents	08
Q.5.B. Explain the points auditor should check in Insurance Premium	07
OR	
Q.5. Write Short Notes (Any 3)	15
1. Window Dressing	
2. Verification of Plant and Machinery	
3. Advantages of Routine Checking	
4. Balance Sheet Audit	
5. Vouching of Telephone Expenses	