

TIME: 3 Hours

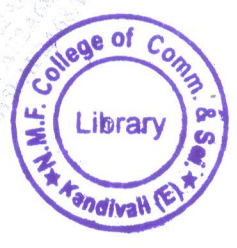
Marks: 100

N.B: (1) All questions are compulsory.

(2) Figures to the right indicate full marks.

1. (A) State whether the following statements are True or False (Any Ten) (10)

- i. The statutory auditor is responsible for taking and compiling the inventory.
- ii. An auditor should act like a bloodhound and not a watchdog.
- iii. An auditor cannot take the help of experts.
- iv. Routine Checking is normally done by the senior audit staff.
- v. The audit technique of confirmation is a formal inquiry only from insiders.
- vi. Internal Control System is the responsibility of the management.
- vii. An Audit Program will serve its purpose only if it is in writing.
- viii. Audit sampling does not reduce the responsibility of the auditor for his opinion.
- ix. An auditor has no right of lien on the books of accounts of the company.
- x. Continuous Audit is an audit conducted during the year with regular or irregular intervals.
- xi. Sample size depends also upon the auditor's assessment of degree of reliance to be placed on the internal controls.
- xii. An auditor should also verify contingent liabilities.



(B) Match the Columns (Any Ten) (10)

Column 'A'	Column 'B'
<ul style="list-style-type: none"> • Vouching • Wrong Casting by mistake • Teeming and Lading • Audit History • Random Selection • Internal Check • Internal Auditor • Audit Working Papers • Statutory Auditor • Bankers • Balance Sheet Audit • Fraud by Management 	<ul style="list-style-type: none"> • Method of selecting sample • Helps in deciding Sample Size • Examination of documentary evidence • A type of error • A type of fraud • Window Dressing • Users of financial information • Prescribed Qualification • No Prescribed Qualification • Part of Internal Controls • Property of Auditor • In-depth Audit of Items in Balance Sheet

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- 2. A) Explain the concept 'True and Fair View' in auditing. (08)
- B) What are the primary objectives of Auditing? (07)

OR

- C) Explain the term 'Errors'. What are the different types of Errors? (08)
- D) What is meant by 'Annual Audit'? What are its advantages? (07)

- 3. A) What is an 'Audit Note Book'? What are its contents? (08)
- B) What is an 'Audit Program'? What are its disadvantages? (07)

OR

- C) What is a Permanent Audit File? What are the contents of a Permanent Audit File? (08)
- D) Explain the importance of the Audit Working papers. (07)

- 4. A) Enumerate the factors influencing the sample size. (08)
- B) What is Test Checking? Explain in brief the drawbacks of Test Checking. (07)

OR

- C) What are Internal Checks? What are the objectives of Internal Checks? (08)
- D) Explain the Internal Controls for Debtors. (07)

- 5. A) How would you verify Plant and Machinery? (08)
- B) How would you vouch Cash Sales? (07)

OR

- C) How would you verify Furniture and Fixtures? (08)
- D) How would you vouch Consignment Sales? (07)

- 6. A) What is Auditing? What are the inherent limitations of Auditing? (10)
- B) Explain the concepts of Verification and Valuation. (10)

OR

- 6. C) Write Short Notes (Any Four) (20)
 - a) Principles of Auditing
 - b) Secret Reserve
 - c) Audit Planning
 - d) Sampling Risk
 - e) Internal Audit
 - f) Vouching
