

Duration-2 ½ Hours

Marks-75

- Note- 1) All questions are compulsory carrying 15 marks each.
2) Figures to right indicates marks.

Q.1.a.Choose the correct alternative and rewrite the sentences: (Any 8) (08)

1. _____ is the audit where the accounts are audited throughout the year by the audit staff under the guidance of the auditor.
(Continuous audit, internal audit, Balance Sheet audit, Interim audit)
2. Financial statement includes _____
(Balance sheet, Profit & Loss Account, Cash flow, all of the above)
3. _____ is the written scheme of the exact details of the work done by the auditor and his staff in connection with the particular work.
(Audit planning, Audit programme, Audit working papers, Audit note book)
4. When auditors use documents to support recorded transactions, the process is often called _____
(Inquiry, Confirmation, Inspection, Observation)
5. The auditor should plan his work to enable him to conduct an effective audit in _____ manner.
(A professional, A proper, A confident, An efficient and timely)
6. _____ is responsible for establishing a private company's internal control.
(Senior management, Internal auditors, ICAI, Audit committee)
7. External auditors would consider internal auditors effective if they are _____
(Independent of the operating units being evaluated, competent & well trained, have performed relevant audit tests of the internal controls & financial statements, all of the above)
8. Serial No. of supporting bill from supplier attached with a voucher helps the auditor to _____
(detect entry of duplicate bill in register, verify that the bills are entered serially, verify that all the vouchers are entered serially, none of the above)
9. Verifying the signature on the supporting purchase bill attached to a voucher helps the auditor to _____
(identify the person who received the payment of the bill, fix responsibility for errors in preparing the bill, identify the person who made the payment for the bill, prove that the bill is genuine and valid)
10. The auditor will examine Bill of Entry in order to vouch _____
(Sales within the state, Sales outside the state, export, sales on approval)

Q.1.b.State whether the following statements are True or False :(ANY 7) (7)

1. Internal audit is started when the books are closed at the end of year.
2. In auditing all the transactions are checked.
3. The first step in audit process is Audit programme.
4. Observation means observing or witnessing the inspection of assets done by other.

5. Verification is examination of documentary evidence in support of transactions recorded in books of primary accounts.
6. Systematic Selection, which ensures that all items in the population have an equal chance of selection.
7. Statutory Auditor is appointed by the management of the company.
8. Error involves wilful misrepresentation or deliberate concealment of a material fact or intentional failure to disclose a material fact.
9. The first step in Audit process is Audit programme.
10. Internal Auditor is employee of the concern.

- Q.2.A. Explain in detail Interim Audit. (08)
B. Explain meaning & advantages of auditing. (07)
OR
- Q.2. C. Distinguish between Auditing V/S Investigation. (08)
D. Explain meaning and advantages of Audit Programme. (07)
- Q.3. A. Explain meaning and contents of Audit Note Book. (08)
B. Explain the pre audit conditions that auditor needs to consider before commencing actual audit of a limited company. (07)
OR
- Q.3.C. Explain meaning, objectives and limitations of Internal Control. (08)
D Explain meaning and points to be considered in designing Audit Sample. (07)
- Q.4.A. Distinguish between internal audit and statutory audit. (08)
B. Explain points to be considered in Vouching. (07)
OR
- Q.4.C. Explain auditor's duty in regarding audit of payments. (08)
D. Explain how the Inventories will be verified and vouched. (07)
- Q.5.A. Write a note on vouching of sales. (08)
B. Write a note on verification of debtors. (07)
OR

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

1. Test check
2. Audit evidence
3. Interim audit
4. Vouching
5. Audit working papers