

Time: 2½ hrs.

Note:

1. All questions are compulsory with internal choice.
2. Draw neat diagrams wherever necessary.
3. Figures to the right indicate full marks.

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Q.1 (A) Fill in the blanks with the correct answer from the alternatives given below. (08)

(Attempt any 8)

- i) \_\_\_\_\_ is a systematic examination of the books and records of a business.
  - a) Auditing
  - b) Vouching
  - c) Checking
  - d) Verification
- ii) Audit plan should be based on knowledge of the \_\_\_\_\_.
  - a) Client's share capital
  - b) Client's business
  - c) Client's family
  - d) Client's reputation
- iii) The main objective of Window Dressing is \_\_\_\_\_.
  - a) to reduce tax liability
  - b) to mislead investors
  - c) to understate profits
  - d) to increase liabilities
- iv) Balance sheet audit includes verification of \_\_\_\_\_.
  - a) Assets
  - b) Liabilities
  - c) Income and expense accounts where appropriate
  - d) All of the above
- v) Manipulation of Accounts to show a better position is called as \_\_\_\_\_.
  - a) Secret Reserve
  - b) Window Dressing
  - c) True and Fair View
  - d) None of the above
- vi) Confirmation is \_\_\_\_\_.
  - a) A compliance procedure
  - b) An audit technique
  - c) A principle of audit
  - d) None of the above
- vii) \_\_\_\_\_ is not an error of commission.
  - a) Mathematical Error
  - b) Compensating Error

- c) Posting Error
- d) None of the above

viii) Audit programme should be \_\_\_\_\_.

- a) Oral
- b) Rigid
- c) Flexible
- d) Oral and Flexible

ix) A credit sale wrongly passed through the purchase book. This is \_\_\_\_\_.

- a) Error of Omission
- b) Error of Principle
- c) Error of Commission
- d) None of the above

x) \_\_\_\_\_ incorporates both Accounting and Administrative Controls.

- a) Internal Audit
- b) Internal Control
- c) Internal Check
- d) Statutory Audit

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

**(07  
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- i) Audited accounts are free from errors and frauds
- ii) Audit plans once developed should never be revised during the course of the audit.
- iii) An auditor cannot have any lien on the books of accounts of the company audited by him.
- iv) An Audit Programme should not be in writing as it is confidential.
- v) Internal audit is carried out during the work itself.
- vi) Separate staff is appointed to conduct internal checks.
- vii) Working papers are considered as assets of the auditor.
- viii) Internal check helps to prevent rather than detect errors
- ix) The trial Balance ensures the arithmetical accuracy of the book
- x) Audit evidence is not conclusive in nature.

**Q.2 (a) What is fraud? What are the types of frauds?**

**(07  
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**(b) Explain the advantages of Audit.**

**(08  
)**

**OR**

**Q.2 (p) Explain the Principles of audit.**

**(07  
)**

**(q) Explain the different types of error.**

**(08  
)**

**Q.3 (a) Discuss the Audit Techniques in brief.**

**(07  
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(b) What do you mean by Audit Programme? What is its content? (08 )

OR

Q.3 (p) Explain the contents of an audit notebook. (07 )

(q) What are the main functions or importance of audit working papers? (08 )

Q.4 (a) Explain features of routine checking. (07 )

(b) What are the factors determining sample size? (08 )

OR

Q.4 (p) Explain the drawbacks or disadvantages of test checking. (07 )

(q) What are the precautions taken by the Auditor in test checking? (08 )

Q.5 (a) Explain basic principles governing internal audit . (07 )

(b) What are the inherent limitations of Internal Control (08 )

OR

Q.5 Write a short note on : (Attempt any 3) (15 )

i) Internal audit

ii) Sampling Risk

iii) Audit working papers

iv) Audit notebook

v) True and fair view.

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