

Time: 2:30 hours

Marks: 75

N.B: 1. All questions are compulsory carrying 15 marks each.

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

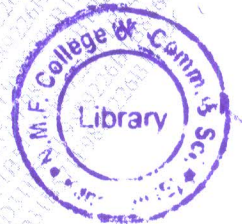
(08)

1. _____ is basically responsible for prevention and detection of errors and frauds.
a. Auditor b. Cashier
2. As per SA-240 if auditor detect an error then _____
a. he should submit his resignation
b. he should communicate it to the shareholder
3. _____ paper is the link between the client's records and the auditor's record.
a. News b. Working paper
4. Current audit file relating to audit of partnership firm will not contain _____
a. Partnership deed b. audit program
5. _____ method of selecting sample ensure that all items in the population have an equal chance of selection.
a. random selection b. systematic selection
6. SA _____ deals with audit sampling.
a. 610 b. 530
7. Checking serial no. of vouchers helps the auditor to _____
a. detect error of omission b. detect error of principle
8. _____ document is not relevant for vouching sales.
a. delivery challans b. Sales department attendance
9. _____ cannot be subject to physical verification.
a. land b. patents
10. New bank Loan will be taken under the authority of _____
a. accountng department b. Board of directors

Q.2. State whether the following statements are True or False; (ANY 7)

(07)

1. Any type of error causes differences in the trail balance.
2. Audit evidence is not conclusive in nature.
3. Audit plans are to be approved by the client being audited.
4. Audit note book is a part of permanent audit file.
5. Once internal control system is implemented there can be no fraud or error.
6. Internal audit helps to detect rather than prevent error.
7. Purchase bill is an example of external document.
8. The payee should sign on a revenue stamp if the payment exceeds Rs.5000/-
9. Vouching involve obtaining and examining evidence in respect of assets or liabilities.
10. Investments are valued at the market price as the year ends.



- Q.2.A. Explain meaning and types of error. (08)
 B. Explain limitations of auditing. (07)

OR

- Q.2.C. Explain meaning and advantages continuous audit. (08)
 D. Explain principles of auditing. (07)

- Q.3.A. What are the significant areas to be observed by the auditor before commencement of audit? (08)
 B. Explain advantages and disadvantages of audit program. (07)

OR

- Q.3.C. Explain meaning and importance of audit working papers. (08)
 D. Explain meaning and essentials of audit evidence. (07)

- Q.4.A. Distinguish between internal audit and statutory audit. (08)
 B. Suggest internal control system for credit purchase. (07)

OR

- Q.4.C. Explain general considerations while framing the system of internal check. (08)
 D. Explain the precautions to be taken by auditor while selecting audit sample. (07)

- Q.5.A. Write a note on vouching of sales. (08)
 B. Write a note on verification of creditors. (07)

OR

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

1. Test check
2. Audit notebook
3. Interim audit
4. Vouching
5. Points to be considered for Valuation
