

Time: 3 hrs.

Marks:100

- Note:
1. All questions are compulsory with internal options.
 2. Figures to the right indicate full marks.

Q. 1 (A) Fill in the blanks with the appropriate answer from the alternative given below.(Attempt any 10) (10)

- (1) The Term audit is derived from the Latin word _____.
a)audire
b)admire
c)adore
- (2) _____ occurs when the transaction is not recorded according to the basic principle of accounts.
a)Error of Principle
b)Error of Commission
c)Error of Omission
- (3) _____ means the skill of presenting the accounts in a way to show a much better condition than the actual condition.
a)Window dressing
b)Secret Reserve
c) Teeming and lading
- (4) _____ are the link between the client's records and the auditor's report.
a)Working Papers
b)Audit note book
c)Audit Programme
- (5) SA _____ deals with Audit planning.
a)300
b)630
c)400
- (6) Secret reserve means _____ reserve.
a)hidden
b)visible
c)audit
- (7) Ownership of audit working papers is with the _____.
a)auditor
b)client
c)client staff
- (8) Manipulation of accounts is _____ fraud.
a)management
b)employee
c)auditor
- (9) _____ Method of sample selection ensures that all items in the population have an equal chance of selection.
a) Random selection
b)Haphazard selection
c)Systematic selection
- (10) _____ refers to examination as to whether assets and liabilities are properly stated in the Balance sheet
a)Verification
b)Vouching
c)Observation
- (11) Audit programme should be _____.

- a)flexible
- b)rigid
- c)duplicate

(12) _____ is intentional misrepresentation of financial information.

- a)Fraud
- b>Error
- c)Auditing

Q.1. (B) State whether the following statements are True or False.(Attempt any 10) (10)

- (1) A sale of 10,000 to Prajakta was entered as a sale to Prasiddha. This is an example of Error of Commission.
- (2) Window Dressing is exactly opposite to Secret Reserves.
- (3) The Audit Plan should be based on knowledge of the client's business.
- (4) Long Term Investments are normally valued at cost price at the end of the year.
- (5) In Test Checking the client's staff becomes careless.
- (6) Overcharging or undercharging of depreciation is an Error of Principle.
- (7) Credit Sales are vouched on the basis of Cash Memo.
- (8) Audited statements are helpful in settlement of disputes.
- (9) An auditor can take the help of experts during the course of audit.
- (10) Under an efficient internal control system, the auditor has to keep the sample size large.
- (11) A voucher need not be dated.
- (12) Audit report is a part of financial statements.

Q.2. (A) What is an Error? Explain the different types of error. (10)

(B) What is Auditing? What are the objects of Auditing? (10)

(OR)

Q.2. (C) What are the Principles of audit? (10)

(D) Distinguish between Window Dressing and Secret Reserve. (10)

Q.3. (A) What do you mean by audit programme? What is its content? (10)

(B) What are the contents of the audit working papers? (10)

(OR)

Q.3. (C) What is test checking? What are the advantages of test checking? (10)

(D) What is audit sampling? What are the methods of selecting samples? (10)

Q.4 (A) What is vouching? Explain the importance of vouching? (10)

(B) How would you vouch rent received? (10)

(OR)

(C) What is verification? What are the objectives of verification? (10)

(D) How to audit plant and machinery? (10)

Q.5. (A) How to verify investments? (10)

(B) What is routine checking? Explain its features. (10)

(OR)

Q.5. Short notes (any 4) (20)

- (a) Who are the users of Financial statements? What information do they need from financial statements? (Explain any 5)
- (b) Error of commission
- (c) Advantages of audit programme
- (d) Teeming and lading
- (e) Vouching of Sales
- (f) Audit notebook