

- Note:**
1. All questions are compulsory with internal options,
 2. Figures to the right indicate full marks.
 3. Draw a neat diagram wherever necessary.

Q. 1 (A) Fill in the blanks with the correct answer from the alternatives given below. (08)
(Attempt any 8)

- 1) Audit working papers do not contain _____ .
 - (a) the audit plan
 - (b) the books of account
 - (c) Planning and performing the audit
 - (d) the conclusions from evidence
- 2) _____ is not an error of commission.
 - (a) Mathematical Error
 - (b) Compensating Error
 - (c) Posting Error
 - (d) None of the above
- 3) Audit documentation is prepared by _____.
 - (a) Management
 - (b) Auditor
 - (c) Both (a) and (b)
 - (d) None of the above
- 4) Responsibility to maintain an adequate accounting system incorporating various internal controls is that of _____.
 - (a) an auditor
 - (b) the shareholders
 - (c) management
 - (d) all of the above
- 5) Ownership of Audit Documentation _____.
 - (a) is that of the Auditor
 - (b) is that of the Management
 - (c) is that of the Assistants performing the audit
 - (d) is that of the shareholders
- 6) Profit may be inflated by _____.
 - (a) overvaluation of opening stock
 - (b) undervaluation of closing stock
 - (c) undervaluation of opening stock
 - (d) of the above
- 7) Auditor obtains knowledge about the business from _____.
 - (a) Discussion with client
 - (b) Minutes of meetings of shareholders, directors
 - (c) Client's policy and procedure manuals
 - (d) All of the above
- 8) For effective internal control, billing should be done by the _____.
 - (a) Accounting department
 - (b) Sales department
 - (c) Shipping department
 - (d) Credit and collection department
- 9) Confirmation is an example of _____.
 - (a) Audit procedure
 - (b) Audit technique
 - (c) Audit principle
 - (d) Audit Method
- 10) The concept of materiality is to be applied in _____.
 - (a) Planning the audit
 - (b) Performing the audit
 - (c) Planning and performing the audit
 - (d) Concluding the audit

- (B) State whether the following statements are true or false. (Attempt any 7) (07)
- (1) Casting error is a type of two sided error.
 - (2) Auditors can also apply Test checking for opening and closing balances.
 - (3) An Audit Note Book is a part of a permanent audit file.
 - (4) Balance confirmation from Debtors is an internal document.
 - (5) Audit Techniques are given by SA - 500.
 - (6) Systematic selection method of sampling is also known as interval sampling.
 - (7) An Error of Principle will not affect the Trial Balance.
 - (8) Audit plans should be primarily based on knowledge of the client's business.
 - (9) The Permanent Audit file includes Trust Deed.
 - (10) Audit plans are to be approved by the client being audited.
- Q.2 A. Explain features of routine checking. (08)
 B. What are the inherent limitations of Internal Control? (07)
- OR
- Q.2 A. Explain the drawbacks or disadvantages of test checking. (08)
 B. Explain management responsibility of internal control. (07)
- Q.3 A. What is a financial statement ? Explain its users. (08)
 B. Explain the different types of error. (07)
- OR
- Q.3 A. Explain the Principles of audit. (08)
 B. What do you mean by Audit Programme? What is its content? (07)
- Q.4 A. Discuss the Audit Techniques in brief (08)
 B. Explain advantages of the audit programme. (07)
- OR
- Q.4 A. Explain the advantages of Test checking. (08)
 B. What are the main functions or importance of audit working papers? (07)
- Q.5 A. Explain basic principles governing internal audit . (08)
 B. Explain advantages of audit. (07)
- OR
- Q.5 Write short notes on (Attempt any 3) (15)
- (1) Internal Audit
 - (2) Sampling Risk
 - (3) Window Dressing
 - (4) Audit Notebook
 - (5) True and fair view