

- 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. (10)
(Attempt any 10)

- (1) _____ is the primary objective of auditing.
 - a) Detecting fraud
 - b) Expressing an opinion on financial statements
 - c) Maintaining records
- (2) _____ is an example of fraud.
 - a) Error of omission
 - b) Window dressing
 - c) Compensating error
- (3) _____ 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
- (4) _____ standard issued by ICAI defines auditing.
 - a) SA 200
 - b) AS 10
 - c) IFRS 9
- (5) _____ are the link between the client's records and the auditor's report.
 - a) Working Papers
 - b) Audit note book
 - c) Audit Programme
- (6) An audit programme is a _____.
 - a) timetable for audit tasks
 - b) list of expenses
 - c) detailed plan of audit work
- (7) Secret reserve means _____ reserve.
 - a) hidden
 - b) visible
 - c) audit
- (8) _____ file contains documents of continuing importance for the company.
 - a) current file
 - b) permanent file
 - c) audit report file
- (9) _____ is responsible for establishing internal control in a company.

- a) Auditor
- b) Management
- c) Government

(10) _____ 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

(11) _____ refers to examination as to whether assets and liabilities are properly stated in the Balance sheet.

- a) Verification
- b) Vouching
- c) Observation

(12) _____ supporting documents should be checked while vouching cash and credit sales.

- a) Cash memo and sales bill
- b) Bank passbook only
- c) Employee salary records

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

- (1) A statutory audit is compulsory for all companies.
- (2) Window Dressing is exactly opposite to Secret Reserves.
- (3) Vouching is the process of verifying transactions with supporting documents.
- (4) Long Term Investments are normally valued at cost price at the end of the year.
- (5) Audit sampling is used when it is not feasible to examine the entire population.
- (6) Overcharging or undercharging of depreciation is an Error of Principle.
- (7) Valuation of assets is the responsibility of the auditor.
- (8) Audited statements are helpful in settlement of disputes.
- (9) An auditor can take the help of experts during the course of audit.
- (10) A larger sample size always guarantees better audit results.
- (11) Verification is performed at the time of vouching.
- (12) An audit programme remains the same for all types of audits.

Q.2. (A) What is fraud? Explain the different types of fraud. (10)

(B) Explain the Principles of audit? (10)

(OR)

Q.2. (C) Who are the users of financial statements? What information do they need from financial statements? (10)

(D) What is an error? Explain the various types of error. (10)

- Q.3. (A) What are the advantages and disadvantages of making an audit programme? (10)
 (B) What are the contents of the audit working papers? (10)
 (OR)
- Q.3. (C) What is audit sampling? What are the methods of selecting samples? (10)
 (D) Distinguish between statutory audit and internal audit. (10)
- Q.4 (A) What is vouching? Explain the importance of vouching? (10)
 (B) How would you vouch for purchases? (10)
 (OR)
- (C) What is verification? What are the objectives of verification? (10)
 (D) How to audit furniture and fixtures? (10)
- Q.5. (A) How to audit outstanding expenses? (10)
 (B) What are the factors determining sample size? (10)
 (OR)
- Q.5. **Short notes (Attempt any 4)** (20)
- (a) Window dressing
 - (b) Error of commission
 - (c) Advantages of test checking
 - (d) Content of audit programme
 - (e) Permanent file
 - (f) Steps to audit salary and wages (any 5 point)

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