

(Time: 2 1/2 Hours)

[Total Marks :75]

- N.B. 1) All questions are compulsory subject to internal choice.  
2) Figures to the right indicates full marks.

**Q1.(A) Select the appropriate option and rewrite the sentences. (Any 8) (8)**

- 1) Audit Note Book is also called as audit \_\_\_\_\_.  
(a) Record (b) File (c) Memorandum
- 2) Unintentional mistake is \_\_\_\_\_.  
(a) Error (b) Fraud (c) Unintentional error
- 3) Bills receivable account is a \_\_\_\_\_ account.  
(a) Real (b) Personal (c) Nominal
- 4) Written Audit Plan is called as audit \_\_\_\_\_.  
(a) Programme (b) Note Book (c) File
- 5) Internal check is instituted by the \_\_\_\_\_.  
(a) Management (b) Auditor (c) Government
- 6) \_\_\_\_\_ audit is compulsory under law.  
(a) Statutory (b) Continuous (c) Internal
- 7) Internal control includes internal \_\_\_\_\_ and internal audit.  
(a) Record (b) Check (c) Examination.
- 8) Special audit can be ordered by \_\_\_\_\_.  
(a) State Government (b) Municipality (c) Central Government
- 9) The main objective of \_\_\_\_\_ is to avoid or reduce the tax liability.  
(a) Secret Reserve (b) Window Dressing (c) Auditing
- 10) Confirmation is an example of Audit \_\_\_\_\_.  
(a) Procedure (b) Method (c) Technique

**Q1.B) State whether following statements are 'True' or 'False' (Any 7) (7)**

- 1) An Error of omission does not affect the trial balance .
- 2) Test check is the same as internal check .
- 3) Statutory audit is compulsory for sole proprietors.
- 4) The Auditor is a watchdog, but not bloodhound.
- 5) Cost audit is applicable to all limited companies.
- 6) Casting error is a type of two sided error.
- 7) The term " General Purpose Financial Statements" includes a cash flow statement (Wherever applicable).
- 8) Financial statements are required to be prepared in accordance with relevant statutory requirements.
- 9) Developing the internal control system is the auditor's responsibility.
- 10) After accepting engagement letter the auditor should obtain knowledge about a new client's business.

- Q2. a) What is Auditing? What are the advantages of auditing? (8)  
b) What are the duties of an auditor in respect of window dressing? (7)

OR

- Q2.c) What is Final Audit ? What are its advantages and disadvantages? (8)  
d) Define Fraud. What is manipulation of records? (7)

- Q3. a) What is an audit note book ? Explain the contents of Audit Note Book. (8)  
b) What is audit working paper? Explain the contents of current file. (7)

OR

- Q3.c) What are the steps to be taken by the auditor before commencement of an audit? (8)  
d) Explain the disadvantages of audit programme. (7)

- Q4. a) How auditor should evaluate internal control for sales? (8)  
b) What are the auditor's duties regarding the internal check? (7)

OR

- Q4.c) How auditor should evaluate internal control for creditors? (8)  
d) Distinguish between Internal audit and Statutory audit. (7)

- Q5.a) Explain the features of statutory audit. (8)  
b) Distinguish between Internal check and Internal Control. (7)

OR

Q5. Write short notes on (Any 3) (15)

- 1) Special Audit
- 2) Audit Sampling
- 3) Audit Engagement Letter
- 4) Audit liability
- 5) Errors of Commission

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