

Answer All Questions.

- Q.1** What is vouching ? Which are the special considerations to be borne in mind by the auditor in the course of vouching ? 15
- OR**
- Q.1** a) Distinguish between verification and valuation. 8
b) What is the importance of Reading of Ledger Accounts. 7
- Q.2** What is depreciation ? What are the duties of an auditor in respect of depreciation? 15
- OR**
- Q.2** a) What is capital expenditure ? 7
b) Which are the important provisions of the Companies Act in regards to Depreciation with specific reference to Disclosure and payment of Dividend. 8
- Q.3** What is deferred revenue expenditure ? 15
Explain with at least three examples.
- OR**
- Q.3** a) How would you dealt with following. 8
Explain in detail i) An amount of Rs. 50,000/- spent on extension of factory building.
ii) Machinery costing Rs. 75,000/- having book value of Rs. 45,000/- sold for Rs. Rs. 30,000/-
- b) Explain with reasons whether the following payments are capital or revenue. 7
i) Repair of Machinery ii) Stamp Duty on purchase of building.
- Q.4** Write short notes (any three) 15
i) Internal Audit ii) Internal check iii) Internal control
iv) Test check v) Ledger Scrutiny vi) Surprise check
