

①

march-2016

FYAF OP3ACN

Auditing - I

Time: 2 ½ hours

Marks: 75

NOTE: 1) All questions are compulsory with internal options.

2) Figures to the right indicate marks.

Q 1 A) State whether the following statements are TRUE or FALSE (any 8): 08

1. Preparation of financial statements is the primary responsibility of the management
2. Frauds do not affect financial statements
3. Error of total omission does not affect the trial balance
4. Internal audit is compulsory under the companies Act
5. Statutory audit is compulsory for sole proprietor
6. Audit program must be in writing
7. Test checking depends on the judgement of the auditor
8. In internal control there is no need to inspect the goods
9. Sample size does not depend on sampling risk
10. Continuous audit dislocates the working of an organisation

B) Match the following: (any 7) 07

- | A                                | B  |
|----------------------------------|--|
| i. Book-keeping                  | a. Property of auditors                      |
| ii. Teeming & Lading             | b. No window dressing                        |
| iii. Statutory audit             | c. Audit program                             |
| iv. Audit working papers         | d. Systematic recording of transactions      |
| v. True and fair                 | e. Showing worse conditions than the actuals |
| vi. Current audit file           | f. Manipulation of records                   |
| vii. Report to management        | g. No recording of transactions              |
| viii. Secret reserve             | h. Mandatory                                 |
| ix. Recording dummy transactions | i. A technique of fraud                      |
| x. Error of total omission       | j. Internal auditor                          |

Q2 a) Discuss the basic principles governing an audit 10

b) Distinguish between internal check and test check 05

OR

Q2 a) What are the aspects to be examined by the statutory auditor in evaluation of internal audit? 08

b) Distinguish between auditing and investigation 07

I - Audit  
OP3ACN

Q3 What are the important areas to be observed by the auditor before commencement of audit? 15

OR

Q3 a) What are the factors to be considered while deciding size of the sample? 08  
b) Discuss the disadvantages of final audit 07

Q4 a) Explain the different types of frauds 08  
b) What is an internal control? Discuss the limitations of internal control 07

OR

Q4 a) Discuss in detail the contents of permanent file and current file 08  
b) Discuss the disadvantages of test checking 07

Q5 a) Explain the meaning of audit program and explain its advantages 08  
b) How does an auditor design audit sample 07

OR

Q5 Write Short notes (any 3) 15

1. Limitations of audit
2. Balance sheet audit
3. Adherence to basic accounting principles as per true and fair view
4. Scope of concurrent audit
5. Features of internal control

X-X-X-X-X