



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

- i. An auditor must be competent and have an independent mental attitude
- ii. A debtor of a company for an amount exceeding rupees one thousand cannot be appointed as an auditor of the company
- iii. Plant and machinery are always shown in the balance sheet at realizable value
- iv. Stock taking involves actual verification and counting
- v. Vouching includes verification
- vi. Where a vacancy is caused due to the death of an auditor, the vacancy may be filled by the board of directors
- vii. Objectivity means impartial behavior
- viii. The first auditor is appointed by the share holders in AGM
- ix. Audited accounts are free from errors and frauds
- x. An auditor must retire after every 5 years of appointment

B) Match the following: (any 7) 07

- | A | B |
|---|---|
| i. Travelling expenses in foreign country | a. Board of directors |
| ii. First auditor | b. Confirmation |
| iii. Dividend warrants | c. Impartial behavior |
| iv. Carriage outwards | d. Cash memo |
| v. Certificate from architect | e. Brokers sold note |
| vi. Creditors | f. Value of building |
| vii. Investments | g. Bills from transport company |
| viii. Removal of subsequent auditor | h. Sanction from RBI |
| ix. Sales | i. Dividend received |
| x. Principle of objectivity | j. Must be approved by Central government |

Q2 a) Explain the importance of vouching 08

b) Discuss SA 200A – Objective and scope of audit of financial statement 07

OR

Q2 Discuss in detail the provisions regarding appointment of auditors under different circumstances 15

- Q3 How would you, as an auditor vouch the following expenditure 15
- i. Insurance premium paid
 - ii. Purchases
 - iii. Customs duty paid

OR

- Q3 How would you, as an auditor verify the following assets 15
- i. Furniture and fixtures
 - ii. Debtors
 - iii. Investments

- Q4 How would an auditor vouch the following income 15
- i. Recovery of bad debts written off
 - ii. Rent received
 - iii. Sales

OR

- Q4 How would an auditor verify the following liabilities 15
- i. Secured loans
 - ii. Creditors
 - iii. Contingent liabilities

- Q5 a) Discuss the procedure of removal of auditors before expiry of the term 08
- b) What are the provisions of companies act relating to Going concern? 07

OR

- Q5 Write Short notes (any 3) 15
- i. Qualification of company auditor
 - ii. Objects of verification
 - iii. Current audit files
 - iv. SA 320 – Audit materiality
 - v. Audit of travelling salesmen's commission paid

X-X-X-X-X