

2019

(3rd Semester)

COMMERCE

Paper No. : BC-303

(Auditing)

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 45)

*The figures in the margin indicate full marks
for the questions*

1. (a) What do you understand by the term Auditing? Discuss its objectives. What role is an auditor expected to play towards the achievement of these objectives? 2+3+4=9
- Or
- (b) Write a note on continuous audit and statutory audit. 4½+4½=9
2. (a) Explain the principles and procedures of Auditing. 4½+4½=9

20L/79a

(Turn Over)

Or

- (b) What is test checking? What precautions should be taken before applying test checking? 2+7=9
3. (a) Define verification. Explain the objectives of verification. 3+6=9

Or

- (b) What is internal check? Discuss Internal check for wage payment. 2+7=9
4. (a) Explain the rights and duties of a Company Auditor. $4\frac{1}{2}+4\frac{1}{2}=9$

Or

- (b) Who appoints the first auditor of a company? Explain the procedure for removal of an auditor. $4\frac{1}{2}+4\frac{1}{2}=9$
5. (a) What is investigation? Discuss the various types of investigation. 2+7=9

Or

- (b) Distinguish between auditing and investigation. How would an auditor investigate when a fraud is suspected in a business? 5+4=9

2019

(3rd Semester)

COMMERCE

Paper No. : BC-303

(Auditing)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

1. State whether the following statements are *True (T)* or *False (F)* by putting a Tick (✓) mark : 1×5=5

(a) When there are two or more errors which exactly counter-balance each other, they are known as errors of commission.

(T / F)

(b) Test checking is based on the statistical theory of sampling.

(T / F)

(c) Internal control is concerned only with accounting controls.

(T / F)

(d) Vouching also include routine checking.

(T / F)

(e) Removal of a Company Auditor is contained under Section 224(7) of the Companies Act.

(T / F)

2. Choose the correct answer and place its code in the brackets provided : 1×10=10

(a) The object of internal audit is

(i) to prevent errors and frauds

(ii) to detect error and frauds

(iii) to improve financial control

(iv) All of the above

[]

(b) The scope of work of statutory audit for a Company is decided by the

(i) Shareholders

(ii) Management

(iii) Government

(iv) Law

[]

- (c) Floating assets are valued at
- (i) cost
 - (ii) market price
 - (iii) cost-less depreciation
 - (iv) cost or market price whichever is lower
- []
- (d) An auditor in a casual vacancy is appointed by the
- (i) Board of Directors
 - (ii) Shareholders
 - (iii) Central Government
 - (iv) Company Law Board
- []
- (e) Vouching implies
- (i) inspection of receipts
 - (ii) examination of vouchers to check authenticity of records
 - (iii) surprise checking of accounting records
 - (iv) examining the various assets
- []
- (f) Continuous audit is specially needed for
- (i) trading concern
 - (ii) smaller concerns
 - (iii) banking business
 - (iv) any manufacturing concern
- []

- (g) Test checking should not be applied to
- (i) sales book
 - (ii) bank reconciliation statement
 - (iii) purchase book
 - (iv) bills book []
- (h) Internal check is a part of
- (i) Internal Audit
 - (ii) Internal Accounting
 - (iii) External Audit
 - (iv) Internal Control []
- (i) The auditor of a Government Company is appointed on the advice of
- (i) the President of India
 - (ii) the Council of Ministers
 - (iii) the Comptroller and Auditor General of India
 - (iv) None of the above []
- (j) While investigating, the investigator should
- (i) understand the business
 - (ii) obtain the background information
 - (iii) gather preliminary information
 - (iv) All of the above []

3. Write on the following in 3 to 4 sentences each :

2×5=10

(a) Interim audit

(b) Audit files

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(c) Valuation

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(d) Qualification of Auditor

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(e) Purpose of investigation

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