

2016
(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*

Answer **all** questions

- 1a) What is internal audit? To what extent
can a statutory auditor rely on the work
of an internal auditor? 3+6=9

Or

- b) Define cost audit. How does it differ
from management audit? 3+6=9

2. (a) What is an audit programme? What precautions do you suggest to make an audit programme more efficient? 3+6=9

Or

- (b) What is audit planning? What steps would you take to plan your audit? 3+6=9

3. (a) As an auditor, how would you evaluate the system of internal control of your client? 6

Or

- (b) What do you mean by verification? How does it differ from vouching? 3+6

4. (a) Who appoints the first auditor of a company? Explain the procedure for appointment of subsequent auditor(s). 3+6

Or

- (b) Explain the duties of a company auditor. 6

5. (a) Distinguish between investigation and auditing. 9

Or

- (b) How would you investigate the affairs of the company when fraud is suspected?

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(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) Internal control is concerned only with accounting controls.
- (T / F)
- (b) Remuneration of an auditor once fixed cannot be increased without the approval of Central Government.
- (T / F)
- (c) Vouching also includes routine checking.
- (T / F)

(d) Management audit is statutorily compulsory.

(T / F)

(e) Window dressing is one of the ways of falsification or manipulation of accounts.

(T / F)

2. Fill in the blanks :

1×5=5

(a) Auditors of Government companies are appointed on the advice of the

.....

(b) Section 224 (8) of the Companies Act provides for

..... of an auditor.

(c) When an audit is conducted under the Companies Act, it is called

.....

(d) When error is committed due to ignorance of accounting principles, it is called an error of

.....

(e) "An auditor is a and not a bloodhound."

3. Choose the correct answer and place its code in the brackets provided : 1×5=5

(a) Central Government may order for cost audit of

(i) insurance companies

(ii) trading concerns

(iii) non-processing concerns

(iv) mining concerns []

(b) Internal check is a part of

(i) internal accounting

(ii) internal audit

(iii) internal control

(iv) external audit

[]

(c) Internal auditor is appointed by the

(i) C & AG

(ii) Government

(iii) shareholders

(iv) management

[]

(d) Who can sign an audit report when a firm is appointed as auditor?

(i) Secretary of the firm

(ii) Managing Director of the firm

(iii) A partner of the firm practising in India

(iv) None of the above []

(e) The removal of an auditor before the expiry of his term requires approval from the

(i) court

(ii) Central Government

(iii) Board of Directors

(iv) None of the above []

4. Write on the following in about 3 to 4 sentences
each : 2×5=10

(a) Errors and frauds

(b) Interim audit

(c) Test checking

(d) Audit working papers

(c) Audit notebook
