

## SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH 2013

(CCSS)

BC 6B 13—AUDITING

Time : Three Hours

Maximum : 30 Weightage

## Part A

*This part consists of three bunches carrying equal weightage of 1.**Each bunch consists of four objective type questions.**Answer all questions.*

1. Incorrect posting or posting an item to a wrong account is an example of \_\_\_\_\_.  
 (a) Error of omission. (b) Error of commission.  
 (c) Compensating errors. (d) Error of principal.
2. An audit which is conducted at the close of the financial year is \_\_\_\_\_.  
 (a) Internal audit. (b) Interim audit.  
 (c) Financial audit. (d) Annual audit.
3. The auditor of a limited company is appointed by \_\_\_\_\_.  
 (a) Directors. (b) General meeting.  
 (c) Central Govt. (d) Any one of above.
4. EDP stands for \_\_\_\_\_.  
 (a) Electronic data programme. (b) Engineering data processing.  
 (c) Electronic data processing. (d) None of the above.

Fill up the blanks :

5. \_\_\_\_\_ is the whole system of control, financial and otherwise, established by the management, including internal check, internal audit and other.
6. Documentary evidence in support of transaction entered in the books of accounts is \_\_\_\_\_.
7. The appointment of auditors is dealt with the section \_\_\_\_\_ of the Companies Act 1956.
8. \_\_\_\_\_ is an examination, review and appraisal of the various policies and action of management

State whether True or False :

9. Tax audit means auditing of the books of accounts prepared by income tax authorities.
10. Detailed examination of books of accounts at regular interval is called interim audit.
11. Internal auditor is appointed by the directors or Govt.
12. Fixed assets should be valued at cost price less total depreciation by constant use.

(12 × ¼ = 3 weightage)

Turn over

### Part B (Short Answer Type Questions)

*Answer all questions.*

13. Define continuous auditing.
14. What do you mean by audit planning ?
15. What is internal control ?
16. What do you mean by valuation of an asset ?
17. Define management audit.
18. State basic qualifications of an auditor.
19. What is meant by clean report ?
20. Give two examples for voucher.
21. Write any two limitations of an interim audit.

(9 × 1 = 9 weightage)

### Part C

*Answer any five questions.*

*Each question carries 2 weightage.*

22. Distinguish between internal audit and internal check.
23. State the provisions of the Companies Act 1956 with regard to the appointment of an auditor.
24. What is fraud ? Explain different kinds of fraud.
25. How will you vouch the following items ?
  - (a) Cash sales.
  - (b) Rent received.
  - (c) Sale of investment.
26. What are the rights of an auditor ?
27. Explain the fundamental principles of internal check.
28. Define tax audit and mention its provisions.

(5 × 2 = 10 weightage)

### Part D

*Answer any two questions.*

*Each question carries 4 weightage.*

29. What is auditing ? Discuss its objects and advantages.
30. What is verification ? How would you verify different items shown on the liability side of Balance Sheet ?
31. What are the qualifications required for the appointment of an auditor ? Critically examine the rights and duties of an auditor.

(2 × 4 = 8 weightage)