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(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

1. (a) What do you understand by the term 'auditing'? What are its objectives? 2+7=9

Or

- (b) What do you mean by 'continuous audit'? To which class of business is it suitable? State its merits and demerits.

1+1+7=9

2. (a) What is test checking? What precautions should be taken before applying test checking? 2+7=9

Or

- (b) "The working papers are in fact a record of work done." Explain the statement in the light of objective and importance of working papers. 9

3. (a) What do you mean by the term 'internal check'? Suggest a suitable system of internal check for wage payment in a large manufacturing concern. 2+7=9

Or

- (b) What do you mean by 'verification of assets'? How does it differ from 'valuation of assets'? As an auditor, how would you verify the following?

(i) Plant and Machinery

(ii) Book Debts 1+2+3+3=9

4. (a) Explain the provisions of the Companies Act, 1956 regarding the appointment of a company auditor. 9

Or

- (b) Discuss the statutory rights and duties of an auditor under the Companies Act, 1956.

5. (a) Define investigation and state its salient features. Distinguish between investigation and audit. 2+2+5=9

Or

- (b) As an auditor, how would you investigate when a fraud is suspected in a business? 9

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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) Errors of omission are technical errors.

(T / F)

(b) An audit notebook is maintained by an auditor.

(T / F)

(c) Test check and internal check mean the same thing.

(T / F)

(d) Only individuals can be appointed as auditors of a company.

(T / F)

(e) An investigator must be a chartered accountant.

(T / F)

2. Fill in the blanks :

1×5=5

(a) The cost auditor of a company is appointed by the

(b) In his report, the auditor gives his

(c) A review of operations and records undertaken within a business by specially deputed staff is known as

(d) The first auditor of a company is appointed by
the

(e) An enquiry into the final accounts of a
concern with a particular object in view is
called

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

(a) A continuous audit is specially needed for

(i) trading concerns

(ii) smaller concerns

(iii) banking companies

(iv) manufacturing companies []

(b) During the course of an audit, an auditor finds that some vouchers are unavailable for certain payments. Whether he should

(i) accept certificate for it

(ii) seek proper explanation for it

(iii) ignore it

(iv) demand vouchers for it []

(c) Internal audit is carried out by

(i) director

(ii) member of the staff

(iii) secretary

(iv) None of the above []

(d) The scope of work of a statutory auditor is determined by

(i) board of directors

(ii) managers

(iii) law

(iv) None of the above

[]

(e) Which one of the following is not a Right of a company auditor?

(i) Right to get share dividend and bonus

(ii) Right to sign audit report

(iii) Right to receive notice and attend meeting

(iv) Right to call for information and explanation

[]

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

(a) Tax audit

(b) Vouching

(c) Internal check

(d) Qualifications of a company auditor

(e) Audit programme
