

**Pune Vidyarthi Griha's**  
**College of Science and Technology**  
**S.Y. Bcom Sem-IV March 2024**  
**Sub: Auditing**

Date: 05/04/2024  
Time: 3 hours

UBCOMFSIV. 2.1  
Total Marks: 100

Note :-

1. All questions are compulsory.
2. Make suitable assumptions wherever necessary and state the assumptions made.
3. Answers to the same question must be written together.
4. Numbers to the right indicate marks.
5. Draw neat labeled diagrams wherever necessary.
6. Use of Non-programmable calculators is allowed.

**Q.1.A Multiple choice question (Any 10)**

**(10 Marks)**

- a) The following precaution should be taken during test checking  
(Classify transactions / Investigation significant errors / No bias in sample selection / All of the above)
- b) Which of the following is method of sample selection:  
(Random selection / Group selection / Complete selection / Automatic selection)
- c) Internal Auditor is appointed by \_\_\_\_\_  
(The management / The government / The statutory auditor / The shareholders)
- d) The auditor does not need to check the following while vouching sales  
(Stock records / Signature of authorized person on invoice / Credit period given to client / Delivery challan)
- e) The auditor has to check the following while vouching interest income  
(Schedule of loans / Bank statement / Loan agreements / All of the above)
- f) Which of the following is not a technique of verification  
(Inspection / Observation / Counting / Confirmation)
- g) \_\_\_\_\_ is basically responsible for prevention and detection of error and fraud.  
(Auditor / Cashier / Shareholders)
- h) As per SA 240 if auditor detect an error then \_\_\_\_\_  
( He should submit his resignation / He should communicate it to the shareholder / None of this )
- i) \_\_\_\_\_ paper is the link between the client's records.  
( News / Working paper / Working programme )
- j) Checking serial no. of vouchers helps the auditors to \_\_\_\_\_  
( Detect error of omission / Detect error of principle / None of this )
- k) \_\_\_\_\_ cannot be subject to physical verification.  
( Land / Patents / Machinery )
- l) Financial statement includes \_\_\_\_\_  
( Balance sheet / Profit and loss / All of above )

**Q.1.B State whether the following statements are True or False (Any 10)**

**(10 Marks)**

- a) Detection of error and frauds may become difficult if test checking is applied.
- b) Management has no control over internal control.
- c) Checking the date on the supporting documents is not at all important.
- d) Every voucher need not be authorized.
- e) Verification involves obtaining and examining evidence in respect of an asset and liability.
- f) The auditor has to ensure that the disclosure of assets & liability in the balance sheet is as per the revised scheduled VI.

- g) Any type of error causes differences in the trial balance.
- h) Audit evidence is not conclusive in nature .
- i) Once internal control system is implemented there can be no fraud or error
- j) Audit note book is a part of permanent audit file
- k) Internal audit helps to detect rather than prevent error
- l) Internal audit is started when the books are closed at the end of the year

Q.2.A. What is a fraud? What are the types of frauds? (08Marks)  
 B. Advantages of Continuous Audit (07Marks)

OR

Q.2.A. Who are the users of financial statement? What information do they need from financial statements? (08 Marks)  
 B. Disadvantages of Interim Audit? (07 Marks)

Q.3.A. What are the audit working papers? What are the main functions or importance of audit working Papers? H.CARE (08Marks)

B. What is Secret Reserve? (07Marks)

*interpersonal*

OR

Q.3.A. What are the various matters that the auditor should consider while developing an overall audit plan? (08 Marks)  
 B. What are the advantages and disadvantages of making an audit programme? (07 Marks)

Q.4. What is Errors? What are the types of errors?

OR

Q.4. A. what is test checking? What are the features of test checking? (08Marks)  
 B. Difference between Auditing and Accounting. (07Marks)

Q.5.A. How to audit Salary account? (08Marks)  
 B. How can an auditor verify debtors? (07Marks)

OR

Q.5.A. What points should be consider by auditor while vouching Interest received? (08Marks)  
 B. How to audit Bank Loan? (07Marks)

Q.6.A. Distinguish between Error and fraud. (10Marks)  
 B. How can internal control be set for the Creditors (10Marks)

OR

Q.6 Write short notes (Any 4) (20 Marks)

- a) Window dressing
- b) Financial Statement
- c) Sampling Risk
- d) Final Audit
- e) Interim Audit
- f) Verification