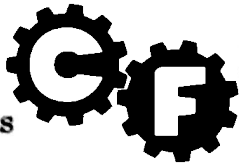


SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH 2017

(CUCBCSS—UG)



BCM 6B 13—AUDITING

Time : Three Hours

Maximum : 80 Marks

**COMMERCE
FACTORY****Part A***Answer all questions.*

I. Choose the correct answer from the following :

1 A statutory auditor has a right of access at all times to :

- (a) Books and accounts of a company.
- (b) Books, accounts and documents of the company.
- (c) Books, accounts and vouchers of the company.
- (d) Notices and documents of the company.

2 When auditor does not have any reservation, objection regarding the information under audit then he issues an :

- (a) Qualified opinion.
- (b) Adverse opinion.
- (c) Unqualified opinion.
- (d) Negative opinion.

3 Balance sheet audit is also known as :

- (a) Continues Audit.
- (b) Annual Audit.
- (c) Internal Audit.
- (d) Financial Audit.

4 Auditor has to obtain _____ audit evidence :

- (a) Adequate.
- (b) Correct.
- (c) Relevant.
- (d) Sufficient and appropriate.

5 Civil liability of an auditor implies liability for :

- (a) Misappropriation of cash.
- (b) Misappropriation of goods.
- (c) Fraud.
- (d) Misfeasance.

Turn over

II. Fill in the blanks :

- 6 Internal check is meant for _____ Prevention of frauds.
- 7 _____ type of audit is conducted by the internal audit staff.
- 8 Concealment of shortage by delaying the recording of cash receipts is known as _____.
- 9 The auditor of a Government Company is appointed by the _____.
- 10 An audit which is compulsory by the law is _____.

(10 × 1 = 10 marks)

Part B*Answer any eight questions.**Each question carries 2 marks.*

- 11 What is Internal Audit ?
- 12 What do you mean by Audit procedure ?
- 13 What is audit plan ?
- 14 Explain the objective of Tax Audit.
- 15 What do you mean by vouching ?
- 16 What is an audit report ?
- 17 Explain EDP.
- 18 What is Audit in Depth ?
- 19 What is Social Audit ?
- 20 What do you mean by verification of assets and liabilities ?

(8 × 2 = 16 marks)

Part C*Answer any six questions.**Each question carries 4 marks.*

- 21 Explain the limitations of Auditing
- 22 What are the advantages of internal check ?
- 23 What is audit working paper ? What are its advantages ?
- 24 What are the differences between internal check and internal audit ?
- 25 What are the objectives of vouching of cash transactions ?

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- 26 What are the differences between vouching and verification ?
- 27 Explain the qualifications and disqualifications of an auditor.
- 28 What is an audit committee ? Explain its functions.

(6 × 4 = 24 marks)

Part D

*Answer any two questions.
Each question carries 15 marks.*

- 29 Explain the rights and duties of an auditor.
- 30 Explain the various classification of audit.
- 31 Define Auditing. Explain the liabilities of a Company Auditor.

(2 × 15 = 30 marks)

Answer
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(Pages : 4)

Name.....

Reg. No.....

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH 2017

(CUCBCSS—UG)

BCM 6B 13—AUDITING

(Multiple Choice Questions for SDE Candidates)

: 15 Minutes

Total No. of Questions : 20

Maximum : 20 Marks

INSTRUCTIONS TO THE CANDIDATE

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

BCM 6B 13—AUDITING

(Multiple Choice Questions for SDE Candidates)

1. An auditor is like a :
(A) Blood haunt. (B) Watch dog.
(C) May both according to Situation. (D) None of these.
2. Process of verifying the documentary evidences of transactions are known as :
(A) Auditing. (B) Testing.
✓(C) Vouching. (D) Verification.
3. The main object of an audit is _____.
(A) Expression of expert opinion. (B) Detection and Prevention of fraud an error.
(C) Both (A) and (B). (D) Depends on the type of audit.
4. Concealment of shortage by delaying the recording of cash receipts is known as :
(A) Embezzlement. (B) Misappropriation.
(C) Lapping. (D) None of these.
5. Audit of banks is an example of _____.
(A) Statutory audit. (B) Balance sheet audit.
(C) Concurrent audit. (D) All of the above.
6. Audit in depth is synonymous for :
(A) Complete audit. (B) Completed audit.
(C) Final audit. (D) Detailed audit.
7. Which of the following statements is not true about continuous audit ?
(A) It is conducted at regular interval.
(B) It may be carried out on daily basis.
(C) It is needed when the organization has a good internal control system.
(D) It is expensive.
8. Errors of Omission are :
(A) Technical errors. (B) Errors of principle.
(C) Compensating errors. (D) None of the above.

9. Test Checking refers to :
- (A) Testing of accounts and records.
 - (B) Checking of selected number of transactions.
 - (C) Examination of adjusting and closing entries.
 - (D) Checking of all transactions recorded.
10. Which of the following statements is not correct about materiality ?
- (A) Materiality is a relative concept.
 - (B) Materiality judgments involve both quantitative and qualitative judgments.
 - (C) Auditor's consideration of materiality is influenced by the auditor's perception of the needs of an informed decision maker who will rely on the financial statements.
 - (D) At the planning state, the auditor considers materiality at the financial statement level only.
11. Of the following, which is the least persuasive type of audit evidence ?
- (A) Bank statements obtained from the client.
 - (B) Documents obtained by auditor from third parties directly.
 - (C) Carbon copies of sales invoices inspected by the auditor.
 - (D) Computations made by the auditor.
12. Which of the following statements is, generally, correct about the reliability of audit evidence ?
- (A) To be reliable, evidence should conclusive rather than persuasive.
 - (B) Effective internal control system provides reliable audit evidence.
 - (C) Evidence obtained from outside sources routed through the client.
 - (D) All are correct.
13. The nature, timing and extent of substantive procedures is related to assessed level of control risk.
- (A) Randomly.
 - (B) Disproportionately.
 - (C) Directly.
 - (D) Inversely.
14. Which of the following factors is most important in determining the appropriations of audit evidence ?
- (A) The reliability of audit evidence and its relevance in meeting the audit objective.
 - (B) The objectivity and integrity of the auditor.
 - (C) The quantity of audit evidence.
 - (D) The independence of the source of evidence.

Turn over

15. Which of the following is not corroborative evidence ?
- (A) Minutes of meetings.
 - (B) Confirmations from debtors.
 - (C) Information gathered by auditor through observation.
 - (D) Worksheet supporting consolidated financial statements.
16. The auditor's permanent working paper file should not normally, include.
- (A) Extracts from client's bank statements.
 - (B) Past year's financial statements.
 - (C) Attorney's letters.
 - (D) Debt agreements.
17. For what minimum period should audit working papers be retained by audit firm ?
- (A) For the time period the entity remains a client of the audit firm.
 - (B) For a period of ten years.
 - (C) For a period auditor opines them to be useful in servicing the client.
 - (D) For the period the audit firm is in existence.
18. Which of the following statement is true regarding an auditor's working papers ?
- (A) They document the level of independence maintained by the auditor.
 - (B) They should be considered as the principle support for the auditor's report.
 - (C) They should not contain details regarding weaknesses in the internal control system.
 - (D) They help the auditor to monitor the effectiveness of the audit firm's quality control.
19. Which of the following statement best describes the understanding with respect to ownership and custody of working papers prepared by an auditor ?
- (A) The working papers may be obtained by third parties when they appear to be relevant to issues raised in litigation.
 - (B) The safe custody of working papers is the responsibility of client, if kept at his premises.
 - (C) The working papers must be retained by an audit firm for a period of 10 years.
 - (D) Successor auditors may have access to working papers of the predecessor auditors. The approval of client is not required.
20. Knowledge of the entity's business does not help the auditor to :
- (A) Reduce inherent risk.
 - (B) Identify problem areas.
 - (C) Evaluate reasonableness of estimates.
 - (D) Evaluate appropriateness of GAAP.