

**E 7540**

(Pages : 3)

Reg. No.....

Name.....

**B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2014**

**Sixth Semester**

**Core Course 16—PRACTICAL AUDITING**

(Common for Model I B.Com., Model II B.Com. and UGC Sponsored B.Com. Degree Programmes)

Time : Three Hours

Maximum Weight : 25

*Answers may be written either in English or in Malayalam.*

**Section A**

*This Section consists of four bunches of four questions each.  
Each bunch carries a weight of 1.*

I. Choose the correct answer from the choices given :

1 Audit conducted by the employees of the organisation is called :

- |                      |                     |
|----------------------|---------------------|
| (a) Interim audit.   | (b) Internal audit. |
| (c) Statutory audit. | (d) Final audit.    |

2 The work done by one person is automatically checked by another person is :

- |                       |                   |
|-----------------------|-------------------|
| (a) Internal control. | (b) Varification. |
| (c) Internal cheek.   | (d) Valuation.    |

3 The first auditors of a newly started company are appointed by :

- |                         |                 |
|-------------------------|-----------------|
| (a) Board of Directors. | (b) Government. |
| (c) Shareholders.       | (d) Chairman.   |

4 Teaming and lading is a method of misappropriation of :

- |            |                    |
|------------|--------------------|
| (a) Goods. | (b) Accounts.      |
| (c) Cash.  | (d) None of these. |

II. Fill in the blanks :

5 Critical examination and verification of specific records is known as \_\_\_\_\_.

6 \_\_\_\_\_ audit helps to improve quality of management.

7 Audit of financial accounts for satisfying the income tax authorities is called \_\_\_\_\_.

8 Liability of an auditor to pay damages is known as \_\_\_\_\_.

**Turn over**

**III. State whether the following statements are True or False :**

- 9 Interim audit is an audit conducted in between two annual audits.
- 10 Valuation is a part of verification.
- 11 A documentary evidence in support of a transaction is known as certificate.
- 12 Management audit may cover more than one financial year.

**IV. Match the following :**

- |                         |                                |
|-------------------------|--------------------------------|
| 13 Investigation        | (a) Preliminary expenses.      |
| 14 Status of an auditor | (b) Voluntary.                 |
| 15 Fictitious asset     | (c) Invoice.                   |
| 16 Internal check       | (d) Agent of the shareholders. |
|                         | (e) Comparison.                |
|                         | (f) Internal control.          |

(4 × 1 = 4)

**Section B**

*Answer any five questions.*

*Each bunch carries a weight of 1.*

- 17 What are contingent liabilities ?
- 18 Define Valuation.
- 19 What is meant by "Internal audit" ?
- 20 What is meant by Audit manual ?
- 21 What is continuous audit ?
- 22 What is "clean report" ?
- 23 What is auditor's lieu ?
- 24 Define Social audit.

(5 × 1 = 5)

**Section C**

*Answer any four questions.*

*Each bunch carries a weight of 2.*

- 25 Differentiate cost audit and financial audit.
- 26 Write a short note on audit assurance standards.
- 27 What are the differences between Auditing and investigation ?
- 28 Discuss the liabilities of an auditor under the Companies Act, 1956.

- 29 What is a Statutory report ? What are its contents ?  
30 "An auditor is not a valuer". Discuss.

(4 × 2 = 8)

**Section D**

*Answer any two questions.*

*Each bunch carries a weight of 4.*

- 31 What is Vouching ? How would you vouch the cash book ?  
32 What are the qualities needed for an auditor ?  
33 Write a short note on :  
(a) EDP environment.  
(b) Audit programme.  
(c) Bonus shares.  
(d) Performance audit.

(2 × 4 = 8)