

**DURATION: 2.30 HOURS****TOTAL MARKS: 75****Q.1 A) Choose the correct alternative and rewrite the sentences:****15**

1. SA \_\_\_\_\_ deals with audit sampling.  
(610/ 530/ 210)
2. In case of sales, goods are dispatched by \_\_\_\_\_ department.  
(Production/ Accounts/ Stores)
3. Qualification to be appointed as auditor of a company is \_\_\_\_\_.  
(MBA with Finance/ Chartered Accountant/ M. Com in Accountancy)
4. Date of the voucher should be of \_\_\_\_\_ accounting year.  
(Next/ Previous/ Current)
5. Travelling expenses incurred in \_\_\_\_\_ should only be authorized.  
(Directors/ Senior Executives/ Business Purpose)
6. \_\_\_\_\_ covers objectives and scope of audit.  
(SA200/ SA220/ SA500)
7. Error is a/an \_\_\_\_\_ mistake in the financial records.  
(Intentional/ Relevant/ Appropriate)
8. Internal auditor has to report to \_\_\_\_\_ audit.  
(Management/ Shareholders/ Government)
9. \_\_\_\_\_ means deciding nature, timing and extent of audit.  
(Audit planning/ Audit Working papers/ Audit report)
10. \_\_\_\_\_ means to select and examine a representative sample transaction from large number of similar transactions.  
(Test Checking/ Census/ Audit Evidence)

**Q.1 B) State whether the following statements are true or false: (any 7)****07**

- 1) Any type of error causes differences in the trail balance.
- 2) The old auditor must handover his working papers to the new auditor, appointed in his place.
- 3) Audit evidence is not conclusive in nature.
- 4) The smaller the tolerable error, the greater the sample size will be needed.
- 5) Audit plans are to be approved by the client being audited.
- 6) The debtor's confirmation should be returned to the client.
- 7) Audit notebook is a part of permanent audit file.
- 8) Vouching is same as valuation.
- 9) Internal audit helps to detect rather than prevent error.
- 10) Casting error is a type of four-sided error.

- Q2.A) What is Auditing? Discuss its advantages and disadvantages of auditing? 15
- OR**
- Q2.B) Discuss Final audit with its advantages and disadvantages? 15
- Q3.A) Explain the meaning & contents of Audit Notebook? 8
- B) Explain the factors determining the sample size? 7
- OR**
- Q3.C) Explain the advantages of audit program? 8
- D) What is Test Check? What precautions the auditor takes regarding test check? 7
- Q4. A) Discuss the points to be considered in the course of vouching? 8
- B) How will you as an auditor verify Investments? 7
- OR**
- C) How would an auditor vouch: Travelling expenses? 8
- D) How would an auditor verify Receipts from Debtors? 7
- Q5. A) Explain the types of errors in detail? 8
- B) How would an auditor verify the payments made to purchase returns? 7
- OR**
- Q 5) Short Notes: (Any 3) 15**
- True and Fair View Concepts
  - Distinguish between Accounting and Auditing.
  - Secret Reserve
  - Auditor duty regarding internal check
  - External Audit

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