

III / BCO (xi)

2007

COMMERCE

(Auditing)

Full Marks : 100

Pass Marks : 30

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 60)

*The figures in the margin indicate full marks
for the questions*

Answer Question No. **1** and any **two**
from the rest

1. (a) What do you understand by 'Auditing'? 5
- (b) How auditing differs from investigation? 5
- (c) Discuss the importance of auditing from the viewpoints of the owners and the management of a modern business concern. 10

7/7—350/264a

(Turn Over)

2. Distinguish between verification and valuation of assets. Why is verification of assets and liabilities necessary in the course of an audit? Explain how you would verify the following : 5+5+10=20

(a) Book Debts

(b) Work in Progress

3. Discuss the provisions of the Companies Act regarding (a) the qualification and (b) appointment of an auditor. 10+10=20

4. (a) What are continuous and periodical audit? 5

(b) To what type of business is continuous audit specially applicable? 5

(c) State briefly the advantages and limitations of continuous audit. 10

5. (a) Mention the matters that are required to be stated in the Auditor's Report as per the Companies Act, 1956. 10

(b) What is a qualified report? Under what circumstances would you as an auditor of a company consider it necessary to qualify your report? 4+6=10

(3)

6. Write briefly on any *four* of the following :

5×4=20

- (a) Audit Notebook
- (b) Cost Audit
- (c) Test Check
- (d) Divisible Profits
- (e) Internal Check

2007

COMMERCE

(Auditing)

(PART : A—OBJECTIVE)

(Marks : 40)

The figures in the margin indicate full marks for the questions

SECTION—I

(Marks : 10) .

1. State whether the following statements are *True (T)* or *False (F)* by a Tick (✓) mark : 1×5=5

(a) Unlike auditing investigation is not always a time bound obligation.

(T / F)

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

(T / F)

(c) An Audit Notebook is a book maintained by the audit clerk.

(T / F)

(2)

(d) Capital reserve means the uncalled part of the capital of a company.

(T / F)

(e) The auditor of a private company needs not be a qualified chartered accountant.

(T / F)

2. Choose the correct answer and place its code in the brackets provided : 1×2=2

(a) Which one of the following does not invite criminal liability for an auditor?

(i) False statement in the balance sheet

(ii) Act of forgetfulness

(iii) Destruction of any document

(iv) Mutilation of voucher ()

(3)

(b) Which one of the following is not a disqualification to become an auditor of a company?

- (i) An employee of a company
- (ii) A financially embarrassed person
- (iii) A director of the company
- (iv) A debtor of the company who owes Rs 2000 to the company

()

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3. Fill in the blanks :

1×3=3

- (a) Capitalisation of reserves can be effected by issuing fully paid
- (b) The verification of assets involved comparing the ledger accounts with
- (c) The amount of profits that can be legally distributed among the shareholders of a company in the form of dividend is called

(4)

SECTION—II

(Marks : 30)

Write notes on the following in not more than 6 sentences each : 3×10=30

1. Comptroller and Auditor General

2. Vouching

3. Provision for Reserve

3. Provision for Reserve

4. Cost Audit

5. Government Audit

5. Government Audit

6. Management Audit

(10)

7. Secret Reserve

8. Investigation

(12)

9. Internal Check

10. Statutory Report
