

**VI/COM (xvii)**

**2015**

( 6th Semester )

**COMMERCE**

Paper : BC-617

( **Auditing** )

Full Marks : 75

Time : 3 hours

( PART : B—DESCRIPTIVE )

( Marks : 50 )

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

Answer **one** question from each Unit

**UNIT—I**

1. Explain the classification of audit. 10
2. "Auditing begins where accounting ends."  
Explain. How does auditing differ from  
accounting? 5+5=10

G15—400/330a

( Turn Over )

UNIT—II

3. What is audit notebook? What are the advantages and disadvantages of audit notebook? 3+7=10
4. What is internal check? Explain the essential features of a good internal system. 3+7=10

UNIT—III

5. (a) What is verification? 4
- (b) How would you verify any two of the following? 3×2=6
- (i) Cash in hand
- (ii) Share capital
- (iii) Plant and machinery
6. What is vouching? Explain the objectives of vouching. 3+7=10

UNIT—IV

7. Discuss the duties and liabilities of Company Auditor. 10
8. Distinguish between standard report and qualified report. 10

( 3 )

UNIT—V

9. What is management audit? Explain the audit procedure for conducting management audit. 3+7=10
10. Outline a suitable audit programme for any *two* of the following : 5×2=10
- (a) Cooperative society
  - (b) Hotel
  - (c) College

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( 6th Semester )

**COMMERCE**

Paper : BC-617

( **Auditing** )

( PART : A—OBJECTIVE )

( Marks : 25 )

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

Answer **all** questions

**SECTION—A**

( Marks : 10 )

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

(a) The detection and prevention of fraud is outside  
the scope of an audit.

( T / F )

(b) Internal auditor has to submit report to the  
shareholders of the company.

( T / F )

( 2 )

(c) The auditor should verify that doubtful liabilities are not included in actual liabilities.

( T / F )

(d) Dividend cannot be declared out of past undistributed profits.

( T / F )

(e) The tax audit report is to be given by Chartered Accountant only.

( T / F )

2. Choose the correct answer and put its code in the brackets provided : 1×5=5

(a) The scope, terms and conditions of the audit are laid down in the

(i) Audit Engagement Letter

(ii) Audit Report

(iii) Audit Notebook

(iv) Audit Working Papers [       ]

(b) Internal control involves

(i) safeguarding of assets

(ii) prevention and detection of error

(iii) reliability of data

(iv) All of the above

[     ]

(c) The auditor should not verify the liabilities through

(i) examination of records

(ii) direct confirmation procedure

(iii) employees' opinion

(iv) None of the above

[     ]

(d) The first auditor of a company shall be appointed by the

- (i) Board of Directors
- (ii) top-level Management
- (iii) Shareholders
- (iv) Accountant General [ ]

(e) The audit that primarily seeks to prevent the excessive profiteering of manufacturing concern is

- (i) tax audit
- (ii) cost audit
- (iii) financial audit
- (iv) management audit [ ]

( 5 )

SECTION—B

( Marks : 15 )

3. Write notes on the following :

3×5=15

(a) Errors of principle

(b) Audit programme

( 7 )

(c) Importance of vouching

(d) Unqualified audit report *by the controller.* (b)

(e) Cost audit

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