



2018 VI 13

1430

Seat No. :

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Time : 2 Hours

PRINCIPLES AND PRACTICE OF AUDITING

Subject Code

V	2	2	2
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Total No. of Questions : 5

(Printed Pages : 2)

Maximum Marks : 50

- INSTRUCTIONS:** i) Answer **each** question on a fresh page.
ii) Write the number of **each** question and sub-question clearly.
iii) All questions are **compulsory**.
iv) Figures to the **right** indicate **full** marks.

1. A) Complete the following statement by choosing the correct option given below : [1]
Commission charged by bank as bank charges should be examined with _____
- Pay-in-slip
 - Loan Agreement
 - Salesmen report
 - Bank Pass Book
- B) Answer the following in a word, phrase or figure : A method of committing fraud in connection with the receipt of cash from debtors. [1]
- C) Discuss in three points the procedure to vouch the 'Loan taken'. [3]
- D) Explain in five points the internal check system as regards to cash. [5]

OR

Explain the procedure as regards to 'Purchase of Investment in five points.

2. A) Complete the following statement by choosing the correct option given below : [1]
A receipt is an example of _____
- Voucher
 - Vouching
 - Verification
 - Valuation



- B) Answer the following in a word, phrase or figure : [1]
Name the account to which profit on sale of fixed asset is credited.
- C) Suggest any three points as regards to Internal check system of 'Credit Purchases'. [3]
- D) Discuss any five duties of an auditor with regard to 'Payment of Wages'. [5]

OR

As an auditor, how would you vouch Income from Interest and Dividend ? Write five points.

3. A) Answer the following in **one** sentence : [1]
What is meant by verification of Assets and Liabilities ?
- B) Answer the following in a word, phrase or figure. [1]
Write one example of floating assets.
- C) Explain in three points the procedure of Internal Check regarding 'Credit Sales'. [3]
- D) Enumerate in five points the auditors position as regards to 'valuation of assets'. [5]
4. A) Answer the following in a word, phrase or figure : [1]
State one example of 'Contingent Liability'.
- B) Suggest any two points of verification of 'Cash at Bank'. [2]
- C) State any two points of valuation of 'Plant and Machinery'. [2]
- D) Explain in two points how the outstanding expenses should be verified. [2]
- E) Suggest in three points the auditors position regarding verification and valuation of 'Patent Rights'. [3]
5. A) Answer the following in **one** sentence : [1]
What is EDP system in Auditing ?
- B) Write any two circumstances under which auditor issues unqualified report. [2]
- C) Distinguish between audit report and audit certificate with regard to meaning and scope of verification. [2]
- D) State any four essentials of a good audit report. [2]
- E) What are the disadvantages of EDP system in auditing ? Write three points. [3]
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