REV-00 2018/08
Rep/BCM/01/04

B. Com
FOURTH SEMESTER
AUDITING
BCM – 17

(Use separate answer scripts for Objective & Descriptive)

Duration: 3 hrs. **Full Marks: 70**

(PART A : Objective)

Time: 20 min. **Marks: 20**

Choose the correct answer from the following: **1×20=20**

1. The first auditor of a company shall be appointed by the:
   a) Board of directors b) Promoter
   c) Managing Director d) None of the above

2. The auditors of a company shall report to:
   a) Board of directors b) Promoter
   c) Managing Director d) Members

3. Frauds found in the books of account:
   a) Misappropriation of cash b) Misappropriation of goods
   c) Manipulations of accounts d) All the above

4. Audit is advantageous because:
   a) Increase the efficiency of the employees.
   b) Detection of errors and frauds.
   c) Both a) & b).
   d) Increasing sales.

5. When auditor is required to carry out audit of the records and books for a particular work only, is called:
   a) Interim audit b) Continuous audit
   c) System audit d) Partial audit

6. An auditor is neutral person.
   a) Statement is true b) Statement is false
   c) Statement is partially true d) Statement is partially false

7. Provision for qualification of Company Auditor under Companies Act, 1956 is provided under:
   a) Sec 226 b) Sec 224 c) Sec 222 d) Sec 220

8. Every company shall appoint an auditor at each:
   a) Board meeting b) Annual General Meeting
   c) Emergency board meeting d) None of the above

(PART B : Descriptive)

Time: 2 hrs. 40 min. **Marks: 50**

(Answer question no. 1 & any four (4) from the rest)

1. Discuss the various rights enjoyed by an auditor. (10)
2. State the meaning of auditing. State the objectives and functions of auditing. (2+3+5=10)
3. Discuss briefly audit programme and audit working papers. (5+5=10)
4. State the advantages of internal check. Distinguish between internal check and internal audit. (5+5=10)
5. a) "The honest, sincere and hardworking employees are the most essential element of effective internal check system". Analyze the statement critically with suitable examples. (5)
   b) Distinguish between internal and statutory auditor. (5)
6. What is vouching? Write a descriptive note on vouching of cash receipts. (2+8=10)
7. What do you mean by errors and frauds? Discuss different classes of errors and frauds. (10)
8. Explain the demerits of final audit. Write the differences between final and continuous audit. (5+5=10)

*****

9. It is the duty of the auditor to ______ the existence of assets stated in the balance sheet.
a) Value b) Calculate c) Verify d) None of the above

10. When auditor is an employee of the organisation being audited, the audit is classified as:
a) Internal Audit b) External Audit
c) Compliance Audit d) Both a) & b)

11. Misappropriation of goods may be checked by:
a) Proper supervision over stock b) Checking of employees
c) Punishment to employees d) None of the above

12. First auditor of a company is appointed by:
a) Shareholders b) Central Government
c) Company Law Board d) Board of Directors

13. Fixed assets are valued at:
a) Cost Price b) Market Price
c) Cost or Market Price whichever is lower d) Cost less depreciation

14. In his report, the auditor gives his:
a) Judgement b) Opinion
c) Guarantee to correctness of account d) True state of affairs

15. Which of the following is statutory qualification of an auditor?
a) Chartered Accountant b) M. COM
c) B. COM d) None of the above

16. Wrong allocation of expenditure between capital and revenue is termed as:
a) Errors of Principle b) Errors of Omission
c) Errors of Commission d) Errors of Duplication

17. The asset which have no physical existence and cannot be seen and touched are known as:
a) Goodwill b) Current Asset
c) Intangible Asset d) None of the Above

18. Which of the following indicates Internal Check?
a) Physical checking of assets.
b) Checking documentary evidences.
c) Checking fairness of financial statements.
d) Arrangement of duties of staff members such that works done by one person is automatically checked by others.

19. Companies (Auditor's Report) Order came into effect from:
a) 1st July 2003 b) 1st July 1975
c) 1st January 1974 d) None of the above

20. Main objective of auditing is:
a) Detection of errors.
b) Prevention of errors.
c) To state whether Financial Statements shows true and fair view of profit or loss and state of affairs of the business.
d) All of the above.

*****