

(2<sup>1</sup>/2 Hours)

[Total Marks :75]

N.B 1) All questions are compulsory subject to internal choice.

2) Figures to the right indicates full marks.

**Q1.(A) Select the appropriate the answer and rewrite the sentence. (Any 8) (8)**

1. The Company shall file a notice of appointment of Auditor with the Registrar within \_\_\_\_\_ days of the meeting.  
(i) 45                      (ii) 30                      (iii) 15
2. A person who is indebted to Company in excess of Rs. \_\_\_\_\_ is not eligible for appointment as Auditor.  
(i)Rs.5,00,000/-              (ii) Rs.2,00,000/-              (iii) Rs.1,00,000/-
3. Cash deposited in Bank is vouched on the basis of \_\_\_\_\_.  
(i) Cheque book              (ii) Pay-in-slip              (iii) RTGS.
4. Vouching is the essence of \_\_\_\_\_.  
(i) Enquiry                      (ii) Auditing              (iii) Inspection.
5. Preparation of Fund Flow Statement is responsibility of \_\_\_\_\_.  
(i) Auditor                      (ii) Management.              (iii) Registrar of Companies.
6. Inability to pay the Creditors means the Company is not \_\_\_\_\_.  
(i) Sick                      (ii) Going Concern              (iii) Bankrupt.
7. The Auditor should Act like a \_\_\_\_\_.  
(i) Judge                      (ii) Watch Dog              (iii) Chairman.
8. \_\_\_\_\_ cannot be subjected to physical verification.  
(i) Land                      (ii) Machinery                      (iii) Debtors.
9. Materiality is a matter of \_\_\_\_\_ judgement.  
(i) clerical                      (ii) professional                      (iii) imaginary.
10. Retiring Auditor can make \_\_\_\_\_ representation.  
(i) oral                      (ii) substitute                      (iii) written.

**Q1. B) State whether following statements are 'True' or 'False' (Any 7) (7)**

1. The Voucher must include the amount in figures and words.
2. Bill of Lading is supporting document for Export items.
3. Qualifications of Auditor are as per the Negotiable Instrument Act.
4. TDS stands for Tax Direct Source.
5. AS 14 deals with accounting for Investment.
6. Vouching and Verification are the same techniques.
7. Review of Internal Controls is performed by Auditor.
8. SA 570 deals with Audit Risks and Errors.
9. Removal of Auditors is done as per Section 140 of Companies Act.
10. A partnership firm cannot be appointed as Statutory Auditor of Limited Company.

**Q 2. Explain in detail the vouching of Interest Income and Insurance Premium ? (15)**

**OR**

**Q 2.(A) Explain the vouching of Cash Sales ? (8)**

**Q2. (B) What is Vouching? Explain the need of Vouching. (7)**

**Q 3. Explain in detail the Verification of Inventory and Accounts Receivable . (15)**

**OR.**

**Q3.(A) Distinguish between Vouching and Verification. (8)**

**Q3. (B) Explain the problems faced by Auditor in Verification & Valuation of Assets? (7)**

**Q4. Explain the provisions of SA200: Overall Objectives & Conduct of Audit. (15)**

**OR**

**Q4.(A) Explain the provisions of SA 320 : Materiality. (8)**

**Q4.(B) What are Auditing Standards. Explain the need for Auditing Standards. (7)**

**Q5. Explain the Qualifications and Disqualifications of an Auditor ? (15)**

**OR**

**Q5. Short Notes ( Any 3) (15)**

- i) Rotation of Auditors.
- ii) Audit Evidence.
- iii) Vouching of Travelling Salesmen Commission.
- iv) Verification & Valuation of Goodwill
- v) Vouching of Credit Purchases.