GOA UNIVERSITY

T.Y.B.Com. (NEP) (Semester - V)
Subject Name: Principles and Practice of Auditing (VET)

Paper Title: Principles and Practice of Auditing (VET) Paper Code: **CFA-322**

Duration: 2:00 Hours Total Marks: 60

Instructions:
i) All questions are compulsory, with internal choice as indicated.
ii) Figures to the right indicate maximum marks allotted to questions/sub-questions.
iii) *Answer all 1 mark questions in not more than 25 words, 2 marks questions in not more than 50 words, 3 marks questions in not more than 75 words and 4 marks questions in not more than 100 words.*

Q1 **Answer the following:** **(2x6) =12 marks**

a. What do you mean by Working Papers?
b. State any four advantages of audit of partnership firms.
c. State any four objectives of Internal Control System.
d. Give two points of vouching of credit sales.
e. List any two duties of a company auditor.
f. What is an audit report?

Q2Ai) Explain the qualities of a good auditor. **3 marks**
ii) What do you mean by interim audit and explain any two advantages of conducting an interim audit? **2 marks**

OR

Q2Aiii) Explain in brief the various methods of collecting audit evidence. **3 marks**
iv) Describe the meaning of Statutory Audit **2 marks**

Q2B i) Explain the benefits of auditing. **4 marks**
ii) Explain the advantages of maintaining an audit note book. **1 mark**

Q2C i) Differentiate between accounting and auditing on any two points. **2 marks**

Q3A i) Demonstrate the general procedure for vouching of cash sales. **4 marks**
ii) Ashoka Traders makes payment to their supplier by cash for goods purchased. Which voucher should the auditor examine to vouch this payment, and why? **1 mark**

OR

Q3Aiii) An auditor is planning to evaluate the internal control system of a company using Internal Control Questionnaire. State the advantages and disadvantages of using this method. **4 marks**

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iv) Apply the flowchart method to evaluate internal control and state its advantages. **1 mark**

Q3B i) Deccan Finance Ltd. has given loans and advances to several parties, including some related parties. As the auditor, illustrate how you would verify these loans. **3 marks**

ii) Vikas Engineering Ltd. has acquired a factory building and machinery during the year. As the auditor, illustrate any two steps you would take to verify its Property, Plant and Equipment. **2 marks**

Q3C i) A storekeeper finds a difference between the physical stock and the stock recorded in the stock register. How will the auditor verify the stock and identify the discrepancy **2 marks**

Q4A i) Analyse the difference between the appointment of the first auditor and of subsequent auditors for a non-government company. **3 marks**

ii) Evaluate the importance of the auditor's right to obtain information and explanations from officers. **2 marks**

OR

Q4Aiii) Analyse the civil liabilities of a company auditor under the Companies Act, 2013. **3 marks**

iv) Evaluate why the auditor is given the right of access to the books of accounts. **2 marks**

Q4B i) Critically examine the types of audit reports with suitable examples. **4 marks**

ii) Why is the auditor given the right to attend general meetings? **1 mark**

Q4C i) Analyse any two criminal liabilities of a company auditor under the Companies Act, 2013. **2 marks**

Q5A i) Orion Industries has an internal audit department that regularly reviews its operations and reports to the management. Explain any three benefits of internal audit to the company. **3 marks**

ii) Analyse why working papers are retained by the auditor. **2 marks**

OR

Q5Aiii) Analyse how a good internal check system simplifies the work of the auditor. **3 marks**

iv) Evaluate the benefits of an audit programme. **2 marks**

Q5B i) A company proposes to appoint Mr. Raj as its auditor. However, Mr. Raj is an officer of the company, holds securities in the company beyond the prescribed limit, and is indebted to the company beyond the prescribed limit. Apply the provisions of the Companies Act, 2013, to determine whether Mr. Raj is eligible for appointment as the company's auditor. Give reasons for your answer. **3 marks**

ii) Illustrate any four items that an auditor records in his audit note book. **2 marks**

Q5C i) Identify the type of opinion the auditor should give when the financial statements are free from material misstatement. **1 mark**

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ii) Analyse why verification of assets and liabilities is necessary even after vouching the transactions. **1 mark**

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