



2018 III 17

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Seat No. :

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Time : 2 Hours

**PRINCIPLES AND PRACTICE OF AUDITING
(New Pattern)**

Subject Code

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Total No. of Questions : 5

(Printed Pages : 3)

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]
- As part of the internal check system, as soon as cash is received, it should be acknowledged by means of a _____
- Inward Invoice
 - Payment Voucher
 - Printed Receipt
 - Cover Note.
- B) Answer the following in a word, phrase or figure : [1]
- Which type of fraud can be detected by an auditor after comparing the amount collected on a particular date with the Pay in Slip ?
- C) As an auditor, write the procedure for vouching 'Payment to Creditors'. (Three points) [3]
- D) Explain the procedure that needs to be followed by an auditor, while vouching the amount received from 'Sale of Fixed Asset'. Write five points. [5]

OR

Explain the procedure to be followed by an auditor, for vouching the receipts from 'Bills Receivable'. Write five points.



2. A) Complete the following statement by choosing the correct option given below : [1]
- Bank charges such as commission, interest on overdraft and loan etc. should be examined by referring the _____
- Cheque book
 - Withdrawal slips
 - Bank pass book
 - Deposit slips
- B) Answer the following in a word, phrase or figure : [1]
- In order to vouch which expenditure, an auditor has to examine Newspapers, Magazine, TV and Radio commercials log book ?
- C) Explain any three steps that need to be incorporated for an efficient internal check system with respect to 'Credit Purchases'. [3]
- D) As an auditor, mention any five steps that you will follow to vouch the expenses incurred towards 'Salaries'. [5]

OR

As an auditor, how will you vouch the expenditure incurred on purchase of 'Patents' ? Write five points.

3. A) Complete the following statement by choosing the correct option given below : [1]
- For verification of loan advanced against security of goods, the auditor may examine the _____
- Dock Warranties
 - Sales report
 - Pass book
 - Sales Book
- B) Answer the following in **one** sentence : [1]
- What are Copyrights ?
- C) Mention any three duties that an auditor has to follow while vouching 'Credit Sales'. [3]
- D) As an auditor, what steps will you undertake for the verification of loan given against security of 'Land and property'. Write five points. [5]



4. A) Answer the following in **one** sentence : [1]
What is verification of asset ?
- B) Explain in brief the concept of 'Intangible assets'. [2]
- C) Explain in brief the concept of 'Contingent liabilities'. [2]
- D) Explain any two points to be followed by an auditor while verifying and valuing 'Furniture and Fixture'. [2]
- E) As an auditor what procedure needs to be followed for verification of 'Book debts' ?(Write three points). [3]
5. A) Answer the following in **one** sentence : [1]
What is Electronic Data Processing ?
- B) Explain in brief the following **two** elements of Audit Report : [2]
i) Addressee
ii) Opinion paragraph.
- C) Explain in brief the concept of 'Audit Report'. [2]
- D) Write any four essentials of a good audit report. [2]
- E) Explain three advantages of auditing under EDP system. [3]
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