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Time : 2 Hours

## PRINCIPLES AND PRACTICE OF AUDITING

Subject Code

V	4	2	2	2
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**Total No. of Questions : 23      (Printed Pages : 4)      Maximum Marks : 50**

- INSTRUCTIONS :** (i) There are four sections in the question paper (A, B, C & D) consisting of 23 questions
- (ii) In Section A there are eight questions of which question Nos. 1 to 4 are Multiple Choice Questions, question Nos. 5 & 6 are to be answered in one word, phrase or figure and question Nos. 7 & 8 are to be answered in one sentence each.
- (iii) Attempt all the questions, however internal choice is given for question numbers 20 and 23.
- (iv) Figures to the right indicate marks allotted to each question.
- (v) Write the number of each question clearly on the answer book.

### Section A

1. Examples of vouchers are ..... 1
- Furniture, Plant & Machinery
  - Goodwill, Copyrights & Trade marks
  - Minute book, telephone bill & cash memos
  - Cash at bank, Stock & Debtors

2. The procedure of checking the physical existence of the items appearing on the date of the Balance sheet is known as ..... 1
- Valuation
  - Vouching
  - Test checking
  - Verification
3. The Audit report that is issued by an auditor when the accounts and financial statements taken as a whole do not present a true and fair view of the results of operations is known as ..... 1
- Qualified Report
  - Unqualified Report
  - Adverse Report
  - Disclaimer Report
4. The liability that may or may not occur at future date is known as ..... 1
- Accrued liability
  - Current liability
  - Contingent liability
  - Long term liability
5. Name the document that needs to be examined by the auditor for ascertaining the total amount of rent receivable. 1
6. Name the document that needs to be examined for verifying the bank balance. 1
7. What are 'Intangible Assets' ? 1
8. State *one* disadvantage of 'EDP'. 1

### Section B

9. Explain any *two* points require for an efficient Internal check with regard to Cash. 2
10. Mention any *two* points for vouching 'Sale of Fixed Assets'. 2
11. Explain the procedure to be adopted for valuation of 'Current Assets'. (Write *two* points) 2
12. Briefly explain any *two* points for verification and valuation of 'Patent rights'. 2
13. Enumerate in *two* points, the procedure for verifying 'Outstanding expenses'. 2
14. List any *four* essentials of a good "Audit Report". 2

### Section C

15. As an auditor, mention *three* duties for vouching 'Credit Purchases'. 3
16. List *three* steps to be followed for designing an efficient internal check system for 'Credit Sales'. 3
17. Explain *three* problems that an auditor faces while valuing assets. 3
18. Distinguish between 'Audit Report' and 'Audit Certificate'. (Write any *three* points) 3
19. As an auditor, explain any *three* advantages of auditing under EDP system. 3
20. Explain the procedure for vouching 'Freehold/Leasehold Land and Building'. (Write any *three* points) 3

Or

Explain the procedure involved for vouching purchase of 'Investments'.  
(Write any *three* points)

**Section D**

- 21. As an auditor, explain any *four* points for vouching 'Income from Interest and Dividend'. 4
- 22. Explain the procedure involved for vouching the expenditure incurred towards "Travelling Allowance". (Write any *four* points) 4
- 23. Explain the procedure for verification of 'Loan advanced against security of Stock and Shares'. (Write *four* points) 4

*Or*

Explain any *four* points to be followed by an auditor while verifying and valuing "Loans advanced against Security of Land and Property".