

NOIOAEX

Time: 2 ½ hours

Marks: 75

NOTE: 1) All questions are compulsory with internal options.

2) Figures to the right indicate marks.

Q 1 A) State whether the following statements are TRUE or FALSE (any 8): 08

1. The Auditor of a government company is appointed by the board of directors.
2. A voucher need not be dated.
3. A cost accountant can be appointed as a statutory auditor of a joint stock company.
4. An auditor cannot take the help of experts such as valuers etc.
5. Fixed assets should be shown at the cost price or market price whichever is less.
6. Verification means comparing the entries in books of accounts with documentary evidence in support thereof.
7. Working papers are the property of the client.
8. The auditor is responsible for taking and compiling the stock.
9. An auditor need not check the goods received note in case of cash purchase.
10. Rent receipt is the evidence of salary payment.

B) Select the appropriate option and rewrite the following sentences (any 7) 07

1. Purchase bill is an example of _____ document (internal, external)
2. To check whether all sales have been recorded, auditor should check _____ (salesmen's payroll, sales bill)
3. During the scrutiny of ledger, auditor should see that all entries are posted in sequence of dates i.e. _____ order (chronological, random)
4. New bank loans will be taken under the authority of _____ (board of directors, accounting department)
5. _____ are most reliable for verifying the correct balance of creditors (supplier's invoices, confirmations)
6. The auditors opinion _____ (enhances credibility of the financial statements, is an assurance as to the future viability of the entity)

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7. The responsibility for the preparation of the financial statements belongs to _____ (the auditor, the management)
8. A _____ auditor is the only non-chartered accountant who can be appointed as the auditor of a company (certified, government)
9. A director or a member of the private company _____ qualified to be appointed as an auditor of that company (is, is not)
10. Expenses incidental to the purchase of fixed assets are _____ (debited to fixed asset A/c, debited to P&L A/c)

- Q2 How will you vouch the following as an auditor of a joint stock company 15
- a. Purchases
 - b. Insurance Premium
 - c. Advertisement Expenses

OR

- Q2 How will the auditor verify the following: 15
- a. Outstanding Expenses
 - b. Contingent Liability
 - c. Unsecured Loans

- Q3 A) Explain the procedure of appointment of first auditor and subsequent auditor 08
- B) Explain the procedure of removal of a statutory auditor before expiry of term 07

OR

- Q3 A) Discuss the matters to be included in the permanent audit file and the current audit file 08
- B) Discuss SA 200 A – Objective and scope of audit of financial statements 07

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Q4 How will the auditor vouch the following income: **15**

- a. Revenue from sales
- b. Royalties
- c. Commission Received

OR

Q4 How would you verify the following as an auditor: **15**

- a. Furniture and Fixtures
- b. Accounts receivable
- c. Goodwill

Q5 A) Distinguish between Vouching and Verification **08**

B) Explain the significance of vouching in auditing **07**

OR

Q5 Write Short notes (any 3) **15**

- a. Essentials of a voucher
- b. SA 320 – Audit Materiality
- c. Need for auditing standards
- d. Audit of salary paid
- e. Qualifications of a statutory auditor

X-X-X-X-X