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(Pages : 4)

Name.....

Reg. No.....

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH 2019

(CUCBCSS)

B.Com.

BCM 6B 13—AUDITING

(Multiple Choice Questions for SDE Candidates)

Time : 15 Minutes

Total No. of Questions : 20

Maximum : 20 Marks

INSTRUCTIONS TO THE CANDIDATE

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

BCM 6B 13—AUDITING

(Multiple Choice Questions for SDE Candidates)

1. An auditor is like a :
 - (A) Blood haunt.
 - (B) Watch dog.
 - (C) May both according to situation.
 - (D) None of these.
2. The term 'Audit' is derived from a Latin word "*audire*" which means :
 - (A) To inspect.
 - (B) To examine.
 - (C) To hear.
 - (D) To investigate.
3. Process of verifying the documentary evidences of transactions are known as :
 - (A) Auditing.
 - (B) Testing.
 - (C) Vouching.
 - (D) Verification.
4. Auditing is compulsory for :
 - (A) Small scale business.
 - (B) Partnership firms.
 - (C) Joint Stock Companies.
 - (D) Proprietary Concerns.
5. Concealment of shortage by delaying the recording of cash receipts is known as :
 - (A) Embezzlement.
 - (B) Misappropriation.
 - (C) Lapping.
 - (D) None of these.
6. 'Auditor is not a valuer', was stated in :
 - (A) Kingston Cotton Mills case.
 - (B) London Oil Storage Co. Case.
 - (C) London and General Bank case.
 - (D) None of the above.
7. When issuing unqualified opinion, the auditor who evaluates the audit findings should be satisfied that the :
 - (A) Amount of known misstatement is documented in working papers.
 - (B) Estimates of the total likely misstatement is less than materiality level.
 - (C) Estimate of the total likely misstatement is more than materially level.
 - (D) Estimates of the total likely misstatement cannot be made.

8. In determining the level of materiality for an audit, what should not be considered ?
- (A) Prior year's errors.
 - (B) The auditor's remuneration.
 - (C) Adjusted interim financial statements.
 - (D) Prior year's financial statements.
9. Analytical procedures issued in the planning stage of an audit, generally :
- (A) Helps to determine the nature, timing and extent of other audit procedures.
 - (B) Directs attention to potential risk areas.
 - (C) Indicates important aspects of business.
 - (D) All of the above.
10. Which of the following statements is most closely associated with analytical procedure applied at substantive stage ?
- (A) It helps to study relationship among balance sheet accounts.
 - (B) It helps to discover material misstatements in the financial statements.
 - (C) It helps to identify possible oversights.
 - (D) It helps to accumulate evidence supporting the validity of a specific account balance.
11. For all audits of financial statements made in accordance with AAS14, the use of analytical procedures is at the discretion of the auditor in which stage ?
- (A) Substantive testing.
 - (B) Planning stage.
 - (C) Overall review stage.
 - (D) All of the above.
12. Stock should be valued at :
- (A) Cost.
 - (B) Market price.
 - (C) Cost or Market Price Whichever is lower.
 - (D) Cost less depreciation.

Turn over

13. Floating assets are valued at :
- (A) Cost.
 - (B) Market price.
 - (C) Cost or Market Price Whichever is lower.
 - (D) Cost less depreciation.
14. _____ is a systematic examination of the books and records or a business.
- (A) Auditing.
 - (B) Vouching.
 - (C) Verification.
 - (D) Checking.
15. An audit which is compulsory by the law is _____.
- (A) Government Audit.
 - (B) Internal Audit.
 - (C) Cost Audit.
 - (D) Statutory Audit.
16. Instruction of audit issued by controller and auditor general of India _____.
- (A) Statutory audit.
 - (B) Final Audit.
 - (C) Management audit.
 - (D) Government audit.
17. Audit done by the employees of the business undertaking is called _____.
- (A) Final audit.
 - (B) Management Audit.
 - (C) Government Audit.
 - (D) Internal Audit.
18. This kind of audit is conducted generally between two annual audit _____.
- (A) Internal Audit.
 - (B) Interim audit.
 - (C) Final Audit.
 - (D) Continuous Audit.
19. Before the work of audit is commenced, the auditor plans out the whole of audit work is called _____.
- (A) Audit Plan.
 - (B) Audit Note.
 - (C) Audit Programme.
 - (D) Audit Control.
20. Management audit otherwise called as _____.
- (A) Final Audit.
 - (B) Efficiency Audit.
 - (C) Cost Audit.
 - (D) Cash Audit.

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH 2019

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BCM 6B 13—AUDITING

Time : Three Hours

Maximum : 80 Marks

Part AI. Answer *all* questions. Each question carries 1 marks :

- 1 Examination of a representative sample from a large number of similar items is called ———.
 - (a) Test checking.
 - (b) Vouching.
 - (c) Routine checking.
 - (d) None of these.
- 2 Assets get exhausted along with the extraction is called ———.
 - (a) Intangible assets.
 - (b) Wasting assets.
 - (c) Fixed assets.
 - (d) Current assets.
- 3 Detailed audit is otherwise called ———.
 - (a) Statutory audit.
 - (b) Legal audit.
 - (c) Continuous audit.
 - (d) Internal audit.
- 4 ——— is a part of internal control.
 - (a) Internal check.
 - (b) Internal audit.
 - (c) Test audit.
 - (d) Both (a) and (b).
- 5 Remuneration of a first auditor of a company is determined by ———.
 - (a) Board of Directors.
 - (b) General meeting.
 - (c) Registrar.
 - (d) Government.

Turn over

Fill in the blanks :

- 6 Documentary evidence in support of an accounting entry is called _____.
- 7 _____ is also known as efficiency audit.
- 8 Errors which is counter balanced by any other error is called _____.
- 9 In case of Government companies an auditor is appointed by _____.
- 10 _____ is an international body which set international standard for auditing, assurance and other related standards.

(10 × 1 = 10 marks)

Part B

II. Answer any *eight* questions. Each question carries 2 marks :

- 11 What is audit report ?
- 12 What is verification ?
- 13 Define Investigation.
- 14 What is tax audit ?
- 15 What is internal check ?
- 16 What do you mean by Accounting and Assurance Standard ?
- 17 What is replacement value ?
- 18 What is statutory audit ?
- 19 What is audit note book ?
- 20 What is social audit ?

(8 × 2 = 16 marks)

Part C

III. Answer any *six* questions. Each question carries 4 marks :

- 21 Explain the objectives of tax audit.
- 22 Differentiate auditing and investigation.

- 23 Explain the duty of an Auditor with respect to auditing of public deposit.
- 24 What are the problems faced by an Auditor in an EDP environment ?
- 25 What are the objectives of vouching of cash books ?
- 26 What are the contend of audit report ?
- 27 What are the differences between vouching and verification.
- 28 Explain principles of good system of internal check.

(6 × 4 = 24 marks)

Part D

IV. Answer any *two* questions. Each question carries 15 marks :

- 29 Explain the rights and duties of an Auditor of a limited company.
- 30 Explain the scope of Auditors role under Income Tax Act.
- 31 Explain the procedure for auditing of share capital.

(2 × 15 = 30 marks)