

B.B.A. (Part-II) Examination**AUDITING**

Time : Three Hours]

[Maximum Marks : 80

Note :— (1) All questions are compulsory.

(2) All questions carry equal marks.

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| 1. (a) | Write a short note on location of errors. | 4 |
| (b) | What is continuous audit ? | 4 |
| (c) | What are the objectives of an audit programme ? | 4 |
| (d) | What are the main objectives of an audit ? | 4 |

OR

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|--------|---|---|
| (e) | What do you understand by Auditing ? | 4 |
| (f) | Write a short note on detection and prevention of errors. | 4 |
| (g) | Explain the advantages of continuous audit. | 4 |
| (h) | What steps an auditor should take before commencing a new audit ? | 4 |
| 2. (a) | Explain the objectives of internal control. | 4 |
| (b) | What are the objects of vouching the Cash Book ? | 4 |
| (c) | Explain the features of Internal Check system. | 4 |
| (d) | What are the auditors' duties regarding "Contingent Liability" ? | 4 |

OR

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| (e) | What is meant by 'Outstanding Assets' and Outstanding Liabilities ? | 4 |
| (f) | How do you define Capital Expenditure and Revenue Expenditure ? | 4 |
| (g) | How would you discover Fictitious Sales in the course of an audit ? | 4 |
| (h) | What is vouching ? How would you vouch the cash book ? | 4 |
| 3. (a) | What is the liability of an auditor of a public company with regard to the stock-in-trade of manufacturing business ? | 16 |

OR

- (b) How would you verify the following liabilities appearing in the Balance Sheet of Anil and Sunil, a partnership firm :
- (i) Bank overdraft of Rs. 74,600 which is secured against bills drawn by the firm. The overdraft is also guaranteed by Shri Umesh, a partner of the firm; and
 - (ii) Unsecured loans from various parties amounting to Rs. 81,360 @ 12% p.a. interest ?
- 16

4. (a) Explain the procedure for reappointment of auditor of a company. 4
- (b) State the duties of auditor in respect of share issued at premium and share issued at discount. 4
- (c) Bring out the difference between a certificate and a report. 4
- (d) Explain the term clean audit report. 4

OR

- (c) State the contents of audit report according to Section 227 (2) and 227 (3) of the Companies Act. 4
- (f) What are the duties of an auditor with regard to checking the issue of Share Capital of a company ? 4
- (g) Explain the procedure for appointment of first auditor of a company. 4
- (h) Explain the duties of a statutory auditor with regard to :
- (i) Proposed Dividend
 - (ii) Unpaid Dividend. 4
5. (a) Outline the special features of the audit of :
- (a) A Co-operative Union
 - (b) A Central Co-operative Bank. 16

OR

- (b) Assume that you have just conducted the annual audit of the accounts of a General Insurance Company. Draft your audit report. 16