

AUDITING

Time : Three Hours]

[Maximum Marks : 80

Note :— All sections and all questions are compulsory.

SECTION—A

I. Multiple choice questions. Only first answer will be assessed and allotted marks :

- (1) A person who audits account is known as \_\_\_\_\_.
  - (a) Auditor
  - (b) Businessman
  - (c) Employee
  - (d) Manager
- (2) The Audit done after the end of the Financial Year of the business is called \_\_\_\_\_.
  - (a) Government
  - (b) Annual
  - (c) Private
  - (d) Interim
- (3) An audit which is made mandatory by Law is called \_\_\_\_\_.
  - (a) Statutory Audit
  - (b) Simple Audit
  - (c) Un-statutory Audit
  - (d) Irregular Audit
- (4) Official auditing of business transaction is known as \_\_\_\_\_.
  - (a) Auditing
  - (b) Report
  - (c) Observation
  - (d) Examination
- (5) The pre arrangement of auditing is \_\_\_\_\_.
  - (a) Planning
  - (b) Management
  - (c) Control
  - (d) None of these
- (6) The process of internal planning is \_\_\_\_\_.
  - (a) Expensive
  - (b) Cheap
  - (c) Difficult
  - (d) None of these
- (7) Capital expenditure increases \_\_\_\_\_ of asset.
  - (a) The value
  - (b) Importance
  - (c) Utility
  - (d) Stability
- (8) \_\_\_\_\_ is the soul of audit.
  - (a) Verification
  - (b) Vouching
  - (c) Internal audit
  - (d) Test checking
- (9) As per the Indian Company Act every company has mandatory to appoint a \_\_\_\_\_.
  - (a) Auditor
  - (b) Recruitment
  - (c) Employee
  - (d) None of these

- (10) A company auditor serves the company as \_\_\_\_\_.
- (a) Expert (b) Guide  
(c) Manager (d) Businessman
- (11) A company auditor acts as a representative of \_\_\_\_\_.
- (a) Shareholder (b) Employee  
(c) Business (d) Manager
- (12) Within one month after registration of the company the Board of Directors has the power to appoint the \_\_\_\_\_ auditor of the company.
- (a) First (b) Second  
(c) Third (d) Fourth
- (13) Common types of audit reports are \_\_\_\_\_.
- (a) One (b) Two  
(c) Four (d) Seven
- (14) \_\_\_\_\_ report contains no errors, mistakes or flaws.
- (a) Clean (b) Qualified  
(c) Relative (d) Exploratory
- (15) \_\_\_\_\_ is presented only after verification of complete accounts.
- (a) Report (b) Planning  
(c) Agenda (d) None of these
- (16) Shareholders have the right to receive \_\_\_\_\_ on the capital.
- (a) Dividend (b) Interest  
(c) Loan (d) None of these
- (17) When was the First Insurance Company Act enacted in India ?
- (a) 1938 (b) 1949  
(c) 1956 (d) 1965
- (18) Banking Companies are established in India under the Bank Act \_\_\_\_\_.
- (a) 1947 (b) 1949  
(c) 1956 (d) 1965
- (19) Auditor is appointed on the recommendation of \_\_\_\_\_.
- (a) Comptroller and Accountant General (b) State Government  
(c) Central Government (d) None of these
- (20) It is \_\_\_\_\_ for Insurance Company to prescribed format.
- (a) Mandatory (b) Definitive  
(c) Compulsory (d) Banned

**SECTION—B**

II. Short answer type questions :

(1) Continuous audit means what ?

**OR**

Explain the objective of Audit.

(2) Write advantages of Internal check system.

**OR**

Vouching means what ?

(3) What are criminal liabilities of company Auditor ?

**OR**

What are the duties of company auditor as per the Company Act ?

(4) Write on divisible profit.

**OR**

Write on 'Company Auditor's Qualified Report'.

(5) In Bank Audit, how is the evaluation of cash done ?

**OR**

In Audit of Educational Institutes, how is cash deposited in such institutes evaluated ?

5×4=20

**SECTION—C**

III. Long answer type questions :

(1) What is Audit ? Explain the advantages of Audit.

**OR**

What is annual audit ? Explain the advantages of annual audit.

(2) What is verification ? Explain the objective of verification.

**OR**

What is Audit programme ? Explain the advantages of it.

(3) Explain the powers of company Auditor.

**OR**

Explain the kinds of appointment of company Auditor.

(4) What is divisible profit ? Explain role of company Auditor regarding divisible profit.

**OR**

Explain the various kinds of Audit reports.

(5) Explain the important factor about Banking Audit.

**OR**

Explain how is audit of an insurance company done.

5×8=40