

- Note :-** 1) All questions are compulsory.
 2) Figures to the right indicate marks.

- Q. 1 a) Write a note on classification of accounts and write an example of each case. [08]
 b) Discuss the limitations of auditing. [07]

OR

- Q. 1. a) Distinguish between Accounting and Auditing. [08]
 b) How would you read, as an auditor, the cash A/c. in the books of M/s wealth & Co. ? [07]

Cash A/c

Date	Particulars	Amt. Rs.	Date	Particulars	Amt. Rs.
2012			2012		
Jan 1	To balance b/d	10,000	Jan 5	By Salaries	8,000
Jan 9	To Sales	10,000	Jan 12	By Telephone Charge	1,000
Jan 10	To Commission	500	Jan 18	By Rent	1,500
Jan 22	To Sales	8,500	Jan 31	By balance c/d	18,500
		29,000			29,000

- Q.2. a) State with reasons whether the following statements are TRUE or FALSE. [12]
- 1) Audit programme is prepared by the client.
 - 2) The main object of an audit is detection and prevention of errors and frauds.
 - 3) Special audit can be ordered by state government.
 - 4) Internal auditor should be a chartered accountant.
 - 5) Ownership of working papers is with the client.
 - 6) Concurrent audit is prevalent in large joint stock companies.

- b) Match the following :- [03]

- | | |
|------------------|---|
| A | B |
| 1) Book keeping | a) Section 233 A |
| 2) Special audit | b) Technique of audit |
| 3) Inspection | c) Systematic recording of transactions |

OR

- Q.2. a) State with reasons whether the following statements are TRUE or FALSE : [12]
- 1) Auditing begins where book-keeping ends.
 - 2) Management audit is a statutory audit.
 - 3) Audit programme must not be in writing.
 - 4) The voucher need not be dated.
 - 5) Verification involves existence, possession and ownership of assets.
 - 6) Audit of bank is an example of statutory audit.

- 1) Final audit
- 2) Salary
- 3) Machinery
- a) Verification
- b) End of the accounting year
- c) Salary register

Q. 3. a) What are the principles of auditing ? [8]
 b) Mention the advantages of an audit programme. [7]

OR

Q. 3. a) What is Vouching ? Discuss the importance of vouching. [8]
 b) What are the provisions of law regarding the appointment of auditors by share holders ? [7]

Q. 4. a) What are the advantages of continuous audit ? [8]
 b) What are the different types of errors ? [7]

OR

Q. 4. Write short notes :- (Any 3) [15]

1) Interim audit	10,000	To balance b/d	2012
2) Working papers	10,000	To Sales	Jan 1
3) True and fair view	500	To Commission	Jan 9
4) Verification	8,500	To Sales	Jan 10
5) Internal audit	29,000		Jan 22

Q. 2. a) State with reasons whether the following statements are TRUE or FALSE. [12]

- 1) Audit programme is prepared by the client.
- 2) The main object of an audit is detection and prevention of errors and frauds.
- 3) Special audit can be ordered by state government.
- 4) Internal auditor should be a chartered accountant.
- 5) Ownership of working papers is with the client.
- 6) Government audit is prevalent in large joint stock companies.

b) Match the following :-

B	A
a) Section 233 A	1) Book keeping
b) Technique of audit	2) Special audit
c) Systematic recording of transactions	3) Inspection

OR

Q. 2. a) State with reasons whether the following statements are TRUE or FALSE. [12]

- 1) Auditing begins where book-keeping ends.
- 2) Management audit is a statutory audit.
- 3) Audit programme must not be in writing.
- 4) The voucher need not be dated.
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- 6) Audit of bank is an example of statutory audit.