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Time : 2 Hours

PRINCIPLES & PRACTICE OF AUDITING

Subject Code

V	2	2	2
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Total No. of Questions : 5

(Printed Pages : 2)

Maximum Marks : 50

- INSTRUCTIONS :**
- (i) Answer each question on a fresh page.
 - (ii) Write the number of each question and sub-question clearly.
 - (iii) All questions are compulsory.
 - (iv) Figures to the right indicate full marks.

1. (A) Complete the following statement by choosing the correct option given below: 1
An expenditure incurred for renewal of Patent rights should be treated as _____.
- Capital expenditure
 - Revenue expenditure
 - Capital loss
 - Deferred revenue expenditure
- (B) Answer the following in a word, phrase or figure: 1
Name the system under which petty cash book is maintained in order to reduce the chances of cash misused.
- (C) What are the points an Auditor must pay attention to, while examining vouchers ? Write three points. 3
- (D) As an Auditor, how would you vouch the transactions with regards to Partners drawings? Write five points. 5

OR

As an Auditor, how would you vouch payment made towards Advertisement expenditure ? Write five points.

2. (A) Complete the following statement by choosing the correct option given below: 1
In order to ascertain the amount of rent receivable and the due date, the Auditor should examine _____.
- Lease Deed
 - Sale Deed
 - Conveyance Deed
 - Agreement of sale
- (B) Answer the following in a word, phrase or figure: 1
Name the document to be vouch for finding interest on Fixed Deposits with any Bank.
- (C) State any three duties of an Auditor in relation with vouching of Credit Purchase. 3

- (D) Explain the procedure of vouching for Commission received. Write five points. 5
- OR**
- Suggest any five steps to be taken for vouching of Bills receivable.
3. (A) Answer the following in a word, phrase or figure. 1
Name the Liability which may or may not arise at a future date of Balance sheet of a business concern.
- (B) Answer the following in one sentence. 1
What is outstanding expense?
- (C) State any three points of Internal check system with regards to Credit Sales. 3
- (D) Explain the procedure of verification with respect to Loan advanced against security of goods. Write five points. 5
4. (A) Answer the following in one word, phrase or figure. 1
Name the floating asset which is valued based on principles of valuation at cost price or market price whichever is lower.
- (B) Write any two points as to how Intangible Assets are valued ? 2
- (C) Enumerate in two points Auditors position as regards to valuation of Assets. 2
- (D) Discuss any two duties of an Auditor in connection with verification of Stock in hand. 2
- (E) Mention any three points involved in verification of Investments. 3
5. Answer the following in a word, phrase or figure. 1
- (A) Write the full form of EDP in auditing. 1
- (B) Distinguish between Audit certificate and Audit report. Write two points of each. 2
- (C) State any four essentials of a Good Audit report. 2
- (D) Explain in brief the following elements of Audit report : 2
i) Title
ii) Addressee
- (E) Discuss any three Advantages of EDP system in Auditing. 3