



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMPUTER APPLICATIONS

FIFTH SEMESTER – NOVEMBER 2024

UCC 5502 – PRACTICAL AUDITING



Date: 09-11-2024

Dept. No.

Max. : 100 Marks

Time: 09:00 am-12:00 pm

SECTION A - K1 (CO1)

Answer ALL the Questions

- | | | |
|-----------|---|--------------------|
| 1. | MCQ | (5 x 1 = 5) |
| a) | Identify the primary objective of auditors when conducting a financial statement audit.
A. To prepare the financial statements on behalf of the client.
B. To detect and prevent fraud in the financial statements.
C. To provide absolute assurance that the financial statements are free from errors.
D. To express an opinion on whether the financial statements are presented fairly. | |
| b) | Auditors issue this opinion when there is a material misstatement that is both material and pervasive.
A. Adverse opinion
B. Disclaimer of opinion
C. Qualified opinion
D. Unqualified opinion | |
| c) | The following documents not relevant for vouching cash sales are?
a. Daily cash sales summary
b. Monthly credit Statements sent to customers
c. Salesman statement
d. bank Statement | |
| d) | Identify the following best describes the difference between confirmation and physical verification.
a) Confirmation involves examining records, while physical verification involves inspecting the actual assets.
b) Confirmation is required by law, but physical verification is optional.
c) Physical verification involves checking documents, while confirmation involves assessing asset value.
d) Confirmation is used only for inventory, while physical verification is used for all assets. | |
| e) | Inherent risk refers to the possibility that an error or misstatement could occur in the financial statements due to:
a) Poor audit procedures
b) Weak internal controls
c) The nature of the business or its environment
d) Incorrect valuation of assets | |
| 2. | Fill in the blanks | (5 x 1 = 5) |
| a) | _____ refers to the practice of manipulating financial statements or presenting information in a misleading way to make a company's financial position appear better than it actually is. | |
| b) | The first auditor of a company other than a Government company, shall be appointed by the Board of Directors within _____ days from the Date of Registration of the company. | |
| c) | The act of examining documentary evidence to ascertain the accuracy of entries in the account books is called _____. | |

d)	_____ is a process that confirms the existence, ownership, value, and authenticity of a person or entity's assets.
e)	The _____ have formulated the auditing standards to be followed in India.
SECTION A - K2 (CO1)	
	Answer ALL the Questions
3.	True or False (5 x 1 = 5)
a)	An engagement letter is not compulsory for all audit engagements the terms of the audit can be decided informally for some clients .
b)	Resignation by auditor or his removal by company, can take place before completion of his term.
c)	Routine checking is a broad term which is similar to vouching.
d)	The process of asset valuation ensures that the assets recorded in the books exist and are owned by the company, while asset verification ensures they are recorded at their fair or market value.
e)	Internal evidences are reliable if the internal controls are strong.
4.	Definitions (5 x 1 = 5)
a)	Audit working paper
b)	Branch audit
c)	Teeming and lading error
d)	Audit sampling
e)	Internal check
SECTION B - K3 (CO2)	
Answer any TWO of the following in 100 words each. (2 x 10 = 20)	
5.	Outline the primary and secondary objectives of auditing
6.	Demonstrate few of the rights given to the auditor under the Indian Company's ASct 2013.
7.	Contrast the differences between the auditing terms Valuation and Verification.
8.	Why do many relate vouching as the backbone of audit? Construct your reasons.
SECTION C – K4 (CO3)	
Answer any TWO of the following in 100 words each. (2 x 10 = 20)	
9.	Identify the importance of an audit report and illustrate the various opinions an auditor can place in the report.
10.	Articulate the importance of internal control and how it differs from internal audit.
11.	The Audit Standard establishes certain fundamental principles of auditing relevant to the auditor when conducting an audit of financial statements. Expand on the same.
12.	Sketch out the necessity of valuation of assets? Explain the valuation procedure of any five assets of your choice.
SECTION D – K5 (CO4)	
Answer any ONE of the following in 250 words (1 x 20 = 20)	
13.	Appraise the importance of establishing the Standards of Auditing. Bring out the essence of SA 500 relating to audit evidence, SA 520 audit sampling and SA 315 about audit risk.
14.	Categorise the vouching procedures in auditing the debit side of the cash book.
SECTION E – K6 (CO5)	
Answer any ONE of the following in 250 words (1 x 20 = 20)	
15.	Summarise the various types and classification of auditing.
16.	“While an auditor enjoys many rights, he must ensure he follows the duties prescribed to him to avoid liabilities.” Evaluate the various duties of an auditor as per section 143 of the Companies Act 2013.
