

Seat No: _____

Enrolment No: _____

PARUL UNIVERSITY
FACULTY OF COMMERCE
B.Com (Hons) Winter 2017 – 18 Examination

Semester: 3

Subject Code: 16101202

Subject Name: Audit and Assurance

Date: 20/12/2017

Time: 10:30am to 01:00pm

Total Marks: 60

Instructions:

1. Attempt all questions as directed.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.

Q.1 (A) Choose the correct options from given below

(12)

1. Which of the following is NOT true about opinion on financial statements?

- a. The auditor should express an opinion on financial statements.
- b. His opinion is no guarantee to future viability of business
- c. He is responsible for detection and prevention of frauds and errors in financial statements
- d. He should examine whether recognized accounting principle have been consistently

2. The most difficult type of misstatement to detect fraud is based on _____

- a. Related party purchases
- b. Related party sales
- c. The restatement of sales
- d. Omission of a sales transaction from being recorded.

3. The least important element in the evaluation of an audit firm's system of quality control would relate to _____

- a. Assignment of audit assistants
- b. System of determining audit fees
- c. Consultation with experts
- d. Confidentiality of client's information

4. _____ the audit risk, _____ the materiality and _____ the audit effort

- a. Lower, Higher, Lower
- b. Lower, Lower, Higher
- c. Higher, Lower, Lower
- d. Lower, Higher, Higher

5. Balance sheet audit includes verification of _____

- a. Assets
- b. Liabilities
- c. Income and expense accounts where appropriate
- d. All of the above

6. Internal auditor is appointed by _____.

- a. The management.
- b. The shareholders
- c. The government.
- d. The statutory body.

(B) Define the following terms:

1. Audit
2. Audit programme
3. Vouching
4. Verification
5. Internal Audit
6. External Audit

Q.2 Answer the following. (All are Compulsory) (12)

- A. How Auditing is connected with other disciplines ?
- B. What are the advantages of audit programme?
- C. Write a note on verification of sundry debtors.

Q.3 Answer the following. (Any Three out of Four) (18)

- A. Write down the difference between Internal Audit and External Audit
- B. What points should be considered by the auditor for efficiently conducting the audit of charitable institutions?
- C. What are the rights of an auditor?
- D. What are the basic principles governing an audit?

Q.4 Answer the following. (Any Two out of Three) (18)

- A. What special points will receive your attention, while auditing the accounts of banking company?
- B. What are the important procedures the auditor should consider for an efficient conduct of hotel audit?
- C. Explain the duties of a company auditor (section 227)