



PRESIDENCY UNIVERSITY
BENGALURU

SCHOOL OF COMMERCE

TEST – 1

Winter Semester: 2021 - 22

Course Code: COM 403

Course Name: Principles & Practices of Auditing

Program & Sem: B.Com Prof & B.Com Hon & IV sem

Date: 26th April 2022

Time: 11.30 AM to 12.30 PM

Max Marks: 30

Weightage: 15%

Instructions:

- (i) Read the question properly and answer accordingly.
(ii) Complete the test within the given time.

Part A (Memory Recall Questions)

Answer all the questions. Each question carries ONE mark.

(10Qx1M=10M)

1. The word audit is derived from _____ word 'Audire': (CO.1) [Comprehension]
a. French b. Greek c. Latin d. Japanese
2. _____ is a trained professional who is responsible to review and verify the accounting data of any business undertaking pertaining to its business activities. (CO.1) [Comprehension]
a. Manager b. Entrepreneur c. Auditor d. Company secretary
3. Error of Omission is which type of error? (CO.1) [Comprehension]
a. Clerical error b. Compensating error
c. Error of principle d. Embezzlement of cash
4. Non- Statutory audit are also called as: (CO.1) [Comprehension]
a. Private Audits b. Voluntary audits c. Only A d. Both A & B.
5. Qualified _____ are appointed as External auditors of the organization. (CO.1) [Comprehension]
a. Chartered Accountant b. Company Secretary
c. Cost accountant d. Certified public accountant
6. Who are the external stakeholders of a company? (CO.1) [Comprehension]
a. Government b. Customers
c. Suppliers d. All of the above
7. The book 'Arthashastra' is written by _____. (CO.1) [Comprehension]
a. Ashoka b. Kautilya
c. Akbar d. Jayachamaraja

8. The word 'Audire' means _____ (CO.1) [Comprehension]
a. To inspect b. To cross-check
c. To hear d. To ignore.
9. Which author defines "An audit is an examination of such records to establish their reliability and the reliability of the statement drawn from them". (CO.1) [Comprehension]
a. Spicer & Pegler b. R.B.Bose
c. A.W.Hanson d. R.K. Moutz.
10. Which type of audit can be considered as 'Reverse order auditing'? (CO.1) [Comprehension]
a. Occasional Audit b. Balancesheet audit
c. Cost audit d. Cash audit.

Part B (Thought Provoking Questions)

Answer both the questions. Each question carries FIVE marks. (2Qx5M=10M)

11. Auditing is as old as Accounting. The practice of auditing existed even in the Vedic period. A historical record reveals that Egyptians, Greeks, Mesopotamians and Romans used to get this public accounts examined by an independent official. In India auditing exists in ancient period. Distinguish between Accountancy and Auditing. (CO.1) [Comprehension]
12. The processing of audits is a multi-step process and fairly complex. For effective execution of the audit work, proper planning is needed. State the preparation to be made prior to the commencement of new audit. (CO.1) [Comprehension]

Part C (Problem Solving Questions)

Answer the question. The question carries TEN marks. (1Qx10M=10M)

13. An Auditing is a process of verification of accounts and rectification of errors. It is the process of checking the accounts with vouchers and documents. Briefly explain the various objectives of auditing. (CO.1)[Comprehension]



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**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF COMMERCE

TEST – 2

Winter Semester: 2021 - 22

Course Code: COM 403

Course Name: Principles & Practices of Auditing

Program & Sem: B.Com Prof & B.Com Hon (IVth sem)

Date: 1st June 2022

Time: 11:30 AM to 12:30 PM

Max Marks: 30

Weightage: 15%

Instructions:

(iii) Read the question properly and answer accordingly.

(iv) Complete the test within the given time.

Part A (Memory Recall Questions)

Answer all the questions. Each question carries ONE mark. (10Qx1M=10M)

- _____ is a process for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies. (CO.2) [Comprehension]
a. Internal check b. Internal audit
c. Internal control d. Internal policies
- _____ is an arrangement of the duties of the staff members of the accounting functions in such a way that the work performed by a person is automatically checked by another. (CO.2) [Comprehension]
a. Internal control b. Internal audit
c. Internal check d. Internal Management
- _____ is a review of operations and records undertaken within a business by specially assigned staff. (CO.2) [Comprehension]
a. Internal audit b. Internal control
c. Internal policies d. Internal check
- The act of examining documentary evidence in order to ascertain the accuracy of entries in the books of accounts is called _____. (CO.3) [Comprehension]
a. Audit b. Voluntary audits
c. Journal d. Vouching
- _____ means checking of arithmetical accuracy of books of original entry and ledgers with a view to detect clerical errors and frauds, (CO.3) [Comprehension]
a. Routine checking b. Vouching
c. Auditing d. Checking

6. The auditor's duties regarding internal control are? (CO.2) [Comprehension]
- To consider the factors that affects the risks of misstatements.
 - To design appropriate audit procedure.
 - Only A
 - Both A & B
7. A system of internal control will have the _____ feature/features. (CO.2) [Comprehension]
- Plan of organization.
 - Sound practice in performance of functions.
 - Authorization, recording and control procedures.
 - All of the above
8. All goods returned by customers should be recorded in the _____.
- (CO.2) [Comprehension]
- Goods Outward Book
 - Ledger
 - Goods Inward Book
 - Journal
9. Which author defines "Internal auditing is an independent appraisal activity within an organization for the review of operations as a service to management."
- (CO.2) [Comprehension]
- Spicer & Pegler
 - R.B.Bose
 - Howard F. Stedler
 - R.K. Moutz.
10. Which author defines "Vouching is an act of comparing entries in the books of accounts with documentary evidence in support thereof." (CO.3) [Comprehension]
- F.R. M. De Paula
 - Lawrence Dicksee
 - Spicer & Pegler
 - Howard F. Stedler

Part B (Thought Provoking Questions)

Answer both the questions. Each question carries FIVE marks. (2Qx5M=10M)

11. The auditor should rely on internal controls only after ascertaining and evaluating these controls. If the auditor has reasons to believe that a client has set up a strong system of internal control, the reliance on that system will help the auditor to reduce the detailed checking which would otherwise be undertaken. Discuss the advantages of Internal control. (CO.2) [Comprehension]
- 12 "Vouching means testing the truth of items appearing in the books of original entry". List out the main objectives of Vouching. (CO.3) [Comprehension]

Part C (Problem Solving Questions)

Answer the question. The question carries TEN marks. (1Qx10M=10M)

- 13, "Internal check is a system or method introduced with defined instructions given to staff as to their place of work with a view to control and verification of their work and also

maintenance of accurate records as the ultimate aim." Discuss the various principles of Internal Check. (CO.2) [Comprehension]

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**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF COMMERCE

END TERM EXAMINATION

Winter Semester: 2021 - 22

Course Code: COM 403

Course Name: Principles & Practices of Auditing

Program & Sem: B.Com Prof & B.Com Hon (4th sem)

Date: 29/JUNE/2022

Time: 1.00 PM to 4.00 PM

Max Marks: 100

Weightage: 50%

Instructions:

(v) Read the question properly and answer accordingly.

(vi) Complete the test within the given time.

Part A (Memory Recall Questions)

Answer all the questions. Each question carries THREE mark. (10Qx3M=30M)

- Which of the following statements are incorrect? (CO.1) [Comprehension]
 - Accounting begins when auditing ends
 - Audit begins where accounting ends
 - "Accountant gets the salary for his work"
 - Auditor gets fees for his work known as audit fees.
- _____ is a trained professional who is responsible to review and verify the _____ data of any business undertaking pertaining to its business activities. (CO.1) [Comprehension]
 - Manager, Entry
 - Entrepreneur, Business
 - Auditor, Accounting
 - Company secretary, Cash
- The provisions regarding appointment of the auditor are contained in _____ section of the _____ Act _____ year. (CO.5) [Comprehension]
 - 138, Audit Act, 2013
 - 139, Companies Act, 2013
 - 140, CA Act, 2012
 - 141, Appointment Act, 1999

4. _____ is a process for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies. (CO.2) [Comprehension]

- a. Internal check b. Internal audit
- c. Internal control d. Internal policies

5. _____ is an arrangement of the duties of the staff members of the accounting functions in such a way that the work performed by a person is automatically checked by another. (CO.2) [Comprehension]

- a. Internal control b. Internal audit
- c. Internal check d. Internal Management

6. _____ is a review of operations and records undertaken within a business by specially assigned staff. (CO.2) [Comprehension]

- a. Internal audit b. Internal control
- c. Internal policies d. Internal check

7. The act of examining documentary evidence in order to ascertain the accuracy of entries in the books of accounts is called _____. (CO.3) [Comprehension]

- a. Audit b. Voluntary audits
- c. Journal d. Vouching

8. _____ means checking of arithmetical accuracy of books of original entry and ledgers with a view to detect clerical errors and frauds (CO.3) [Comprehension]

- a. Routine checking b. Vouching
- c. Auditing d. Checking

9. The examinations of the books of account with a view to ascertaining their arithmetical accuracy is called _____ (CO.4) [Comprehension]

- a. Verification b. Valuation
- c. Assets d. Liabilities

10. The types of errors which arise on account of transaction omitted to be recorded in books of accounts wholly or partially is called as _____. (CO.1) [Comprehension]

- a. Error of Omission b. Compensating error
- c. Error of principle d. Embezzlement of cash

Part B (Thought Provoking Questions)

Answer all the questions. Each question carries EIGHT marks. (5Qx8M=40M)

11. Auditing is as old as Accounting. The practice of auditing existed even in the Vedic period. A historical record reveals that Egyptians, Greeks, Mesopotamians and Romans used to get this public accounts examined by an independent official. In India auditing exists in ancient period. Distinguish between Accountancy and Auditing.
(CO.1) [Comprehension]
12. The processing of audits is a multi-step process and fairly complex. For effective execution of the audit work, proper planning is needed. State the preparation to be made prior to the commencement of new audit.
(CO.1) [Comprehension]
13. "Vouching does not mean merely the inspection of receipts with the cash book, but includes the examination of the transactions of a business together with documentary and other evidence of sufficient validity to satisfy an auditor that such transactions are in order, have been properly authorized and are correctly recorded in the books". Bring out the main objectives of Vouching. (CO.3) [Comprehension]
14. Valuation forms an important part of every audit. It is because the accuracy of Balance Sheet depends much upon how correctly the estimation of the value of various assets and liabilities has been made. Both over-valuation and under-valuation of assets and liabilities would exhibit wrong picture of the financial affairs of a concern. Discuss the various Methods of Valuation. (CO.4) [Comprehension]

Part C (Problem Solving Questions)

Answer both the questions. The question carries FIFTEEN marks. (2Qx15M=30M)

15. "Internal check is a system or method introduced with defined instructions given to staff as to their place of work with a view to control and verification of their work and also maintenance of accurate records as the ultimate aim." Discuss the principles of Internal check.
(CO.2) [Comprehension]
16. Auditing is as old as Accounting. The practice of auditing existed even in the Vedic period. A historical record reveals that Egyptians, Greeks, Mesopotamians and Romans used to get this public accounts examined by an independent official. In India auditing exists in ancient period. Discuss the different types of Auditing.
(CO.1) [Comprehension]