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**Presidency University**

**Bengaluru**

**SCHOOL OF COMMERCE**

**Make-Up Examinations July 2024**

**Semester**: IV

**Course Code**: COM2017

**Course Name**: PRINCIPLES AND PRACTICES OF AUDITING

**Program & Sem**: BCOM

**Date**: 02 JULY 2024

**Time**: 09:30AM-12:30PM

**Max Marks**: 100

**Weightage**:50%

**Instructions:**

1. *Read the all questions carefully and answer accordingly.*
2. *Question paper consists of three parts.*
3. *Scientific and Non Programable Calculators are Permitted.*
4. *Do not write any information on the question paper other than roll number.*

**Part A**

**Answer any FIVE questions (5Qx 2M=10M)**

1. The scope of vouching is much wider than routine checking. Elucidate. (CO1) [Understanding]

2. Mention the different types of vouchers with example. (CO1) [Understanding]

3. Why is it essential to collect confirmation of balances by debtors for the valuation of book debts? (CO2) [Understanding]

4. What do you understand by valuation of assets? (CO1) [Understanding]

5. The auditor of a Ltd. Company wanted to refer to the minute books during audit but board of directors refused to show the minute books to the auditors. Comment. (CO3) [Understanding]

6. State the four important components in the verification process of an asset. (CO4) [Remember]

7. State the four important components in the verification process of an asset. (CO3) [Remember]

**Part B**

**Answer any FIVE Questions. (5Qx 10 M=50M)**

1. Explain the objectives of valuation and verification of assets and liabilities? Highlight the auditor’s duty with regard to valuation of assets. (CO2) [Application]
2. Explain Vouching. Is it different from Routine Checking? Discuss. (CO4) [Understanding]
3. An auditor is a watchdog, and not a bloodhound.” - Examine the validity of this statement with reference to SA 240. (CO3) [Understanding]
4. Explain how an auditor would verify the following items:
5. Land and Building
6. Investments. (CO1) [Understanding]
7. Discuss the provisions related to audit of Co-operative Societies as per Section 17 of the Co-Operative Societies Act, 1912. (CO5) [Remember]
8. Discuss how an auditor would vouch these transactions:

(a) Cash Sales

(b) Wage Payments (CO5) [Application]

1. At the AGM of SNN Pvt. Ltd., Mr. Raju was appointed as the statutory auditor. He, however, resigned after 3 months since he wanted to pursue his career in banking sector. The Board of Director has appointed Mr. L as the statutory auditor in board meeting within 30 days. Comment on the matter and discuss the different provisions related to appointment of auditors as per Sec 139 of Companies Act, 2013. (CO5) [Application] (CO1) [Application]

**Part C**

**Answer any TWO Questions. (2 Qx 20 M=40M)**

15. (a) “Valuation is a part of verification”. Elucidate its relationship in connection with Audit of Financial Statements.

(b) Explain how an auditor would verify its Plant & Machinery and Goodwill. (CO3) [Remember]

16. The auditor shall make a report to the members of the company on the accounts examined by him. Explain the auditor’s duty to enquire and to report with reference to relevant provisions of the Companies Act, 2013. (CO5 [Application]

17.Windy Limited is an unlisted public limited company. During the financial year 2020-21, the paid-up share capital of Windy Limited was 60 crores. During the financial year 2021-22, Board of Directors of the company, in order to comply with the provisions of Companies Act, 2013 appointed an internal auditor. Give the justification of this appointment done by Board of Directors of Windy Limited. Explain all provision of appointment of internal auditor according to the provisions of Companies Act, 2013. (CO4) [Application]