|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Roll No |  |  |  |  |  |  |  |  |  |  |  |

PRESIDENCY UNIVERSITY BENGALURU

**SET-B**

SCHOOL OF COMMERCE

**END TERM EXAMINATION – MAY/JUNE 2024**

**Semester :** Semester IV - 2022

**Course Code :** COM2017

**Course Name :**  Principles and Practices of Auditing

**Program :** B.Com. Honors

**Date :** June 10, 2024

**Time :** 9:30 AM -12:30 PM

**Max Marks :** 100

**Weightage :** 50%

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Question paper consists of 3 parts.*
3. *Scientific and non-programmable calculator are permitted.*
4. *Do not write any information on the question paper other than Roll Number.*

**PART - A**

**ANSWER ANY 5 QUESTIONS 5Q X 2M = 10M**

* 1. During an audit, you discover that a company failed to record a significant purchase of inventory. How would this be classified as an error? Explain the impact of such an error on the financial statements.

(CO1) [Knowledge]

* 1. Define internal audit in your own words.
  2. Define Vouching
  3. List two common methods used for the valuation of inventory.

(CO2) [Knowledge] (CO3) [Knowledge] (CO4) [Knowledge]

* 1. State any two qualifications of a company auditor as prescribed under section 141 of the Companies Act, 2013.

(CO5) [Knowledge]

* 1. The company accountant accidentally recorded a payment to a supplier twice. How would this be classified as an error? Explain the impact of such an error on the financial statements.

(CO1) [Knowledge]

* 1. A retail store has a high volume of cash sales. Describe two internal check procedures that could be implemented to minimize the risk of errors or fraud related to cash sales.

(CO2) [Knowledge]

**PART - B**

**ANSWER ANY 5 QUESTIONS 5Q X 10M = 50M**

* 1. Distinguish between auditing and accounting by explaining the key differences in their focus, purpose, and users of the information they provide.
  2. Distinguish between Internal Check and Internal Audit
  3. Summarize on Vouching the following:
     1. Cash Purchases
     2. Collection from Debtors
     3. Credit Sales.

(CO1) [Comprehension] (CO2) [Comprehension]

(CO3) [Comprehension]

* 1. Infer the points to be considered while Verifying and Valuing Goodwill of a company.

(CO4) [Comprehension]

* 1. What is Routine Checking? Is it different from Vouching ? Explain

(CO1) [Comprehension]

* 1. KPMG company implements various principles of internal check across various functional activities in their organisation. These principles guide the design of controls such as dual authorization for financial transactions, regular reconciliations, and thorough record-keeping, ensuring the safeguarding of assets and enhancing operational efficiency. Describe the fundamental principles underlying internal check systems. How do these principles promote operational efficiency in the relevance of bringing effective management of the firm?

(CO2) [Comprehension]

* 1. As per Section 141 of the Companies Act, 2013 prescribes the qualifications of a company auditor.

(CO5) [Comprehension]

**PART - C**

**ANSWER ANY 2 QUESTIONS 2Q X 20M = 40M**

* 1. You are the Chief Financial Officer (CFO) of a rapidly growing healthcare provider company. The company has recently received significant investments and is planning to expand into new territories. However, you've noticed some inefficiencies in the billing department, and there have been occasional patient complaints about surprise charges. Management is pressuring you to focus on continued growth. How would you leverage different types of audits to address these concerns and ensure smooth expansion? And show how Accounting is different from Auditing.

(CO1) [Application]

* 1. Differentiate Between Internal check and Internal control system and Explain the Auditing principles

(CO2) [Application]

* 1. Explain Verification and Valuation of:
     1. Land & Building
     2. Plant & Machinery
     3. Goodwill
     4. Investments

(CO3) [Application]