2024

(May/June)

COMMERCE

(Honours)

(Auditing)

(BC–403)

(Under Revised Syllabus)

Marks : 75

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. (a) Explain the various qualities required of an auditor. 10

(b) "An auditor is a watch-dog and not a blood-hound." Explain this statement. 5

Or

(a) What is internal check? What are the essential characteristics of a good system of internal check? State the position of an auditor in relation to such a system. 2+4+4=10

(b) Distinguish between statutory audit and non-statutory audit. 5

2. (a) "Vouching is the backbone of audit." Explain. 5

(b) As an auditor, how will you vouch the following items? 5+5=10

(i) Collection from debtors

(ii) Borrowing from banks

Or

(a) "An auditor is not a valuer though he is intimately connected with values." Explain this statement. 5

(b) How an auditor verifies the following? 5+5=10

(i) Plant and machinery

(ii) Bank overdraft

3. (a) Discuss the rights and duties of an auditor. 5+5=10

(b) Briefly explain qualified audit report and clean audit report. 2½+2½=5

Or

(a) What is capital reserve? How is it created and utilized? State the auditor's duties with regard to capital reserve. 2+4+2+2=10

(b) Explain the impact of changes in depreciation methods and rates, on the financial statements and audit procedures. 5

4. (a) Discuss the auditor's responsibility to respond to identified or suspected fraud in accordance with SA-240. What actions should auditors take if they encounter evidence of fraud during the audit process? 8+4=12

(b) Why is it important for auditor to consider laws and regulations (SA–250) during an audit of financial statement? 3

Or

(a) Describe the key components of audit documentation as outlined in SA–230 and explain. Why each component is necessary for maintaining an effective audit trail? 8+4=12

(b) How does SA–260 promote transparency and accountability in corporate governance practices? 3

5. (a) What are the points that should an auditor keep in mind for auditing of accounts of partnership firms? 10

(b) Briefly describe the impact of computerization on audit practices. 5

Or

(a) What is social audit? Explain the various components of social audit. How does social auditing contribute to corporate social responsibility efforts? 2+5+3=10

(b) How does an environmental audit differ from financial audit? 5

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