

Roll No.

BBA-605(N)

**B. B. A. (Sixth Semester)
EXAMINATION, Sept., 2020**

(New Course)

Paper Fifth

AUDITING

Time : Three Hours]

[Maximum Marks : 70

Note : Attempt questions from all Sections as directed.

Inst. : The candidates are required to answer only in serial order. If there are many parts of a question, answer them in continuation.

Section—A

(Short Answer Type Questions)

Note : Answer all questions. Each question carries 3 marks.

1. (A) "An auditor is a watchdog and not a bloodhound." Explain this statement.
- (B) How is a company auditor appointed ?
- (C) What is the difference between shares and debentures as far as company audit is concerned ?
- (D) Explain test checking as a tool of auditing.

P. T. O.

- (E) What do you mean by proposed dividend on preference shares, proposed dividend on equity shares and interim dividend ?
- (F) Explain the words "true and fair" used by auditors in audit reports of companies.
- (G) Give a classification of audit reports.
- (H) In the process of audit of accounts of a company you come to know that wages paid for installation of new machinery ₹ 18,000 have been debited in wages account and credited in bank account. Is this treatment correct to be allowed by the auditor ?
- (I) Explain the individual method and global method of valuation of closing stock of finished goods comprising of five different products in a company at the end of the accounting year.
- (J) How is the depreciation on machinery calculated by straight line method of charging depreciation at the end of the accounting year ?

Section—B

(Long Answer Type Questions)

Note : Attempt any *two* questions. Each question carries 10 marks.

2. "Accountancy begins where book-keeping ends and auditing beings where accountancy ends." Elucidate this statement and discuss the objectives and advantages of auditing.

3. What do you mean by Audit Programme, Audit Working Papers and Audit Note Book ? Explain each giving their advantages.
4. What is the difference between Internal Control, Internal Check and Internal Audit ? Discuss the objectives of Internal Audit.
5. What do you mean by Vouching ? How is vouching of cash book done ? Explain.

Section—C

(Long Answer Type Questions)

Note : Attempt any *two* questions. Each question carries 10 marks.

6. "Stock should be valued at cost price or market price whichever is lower." Elucidate this statement and discuss the duties of an auditor as regards the valuation of stock.
7. What are the rights and duties of an auditor of a company ? Explain.
8. You have just completed the audit of the accounts of a Sugar Mill Company for the year ended 31st March, 2020. Draft your qualified audit report inserting three qualifications therein.
9. Distinguish between Cost Audit and Management Audit. Explain the significance of cost accounting record maintenance and cost audit in a manufacturing company as per Companies Act, 2013.