

**Third Year Examination of the  
Three Year Degree Course, 2001**

**(Faculty of Commerce)**

**ACCOUNTANCY & STATISTICS**

**14(a) : Auditing**

Time : 3 Hours

[ Maximum Marks :100]

Attempt any **five** questions,  
selecting at least **one** question from each unit,  
All questions carry equal marks.

**UNIT-I**

1. Write is meant by audit? Mention the objects and advantages of an audit. 20

**OR**

Write short notes : 10+10

(i) Internal Control

(ii) Internal Audit

**UNIT-II**

2. What is meant by the term 'Verification' ? Explain the different between verification and valuation. what are the duties of an auditor with respect to each one of them? 5+5+5+5

**OR**

How will you audit the accounts of the following : 7+7+6

(i) a hospital

(ii) a cinema

(iii) a club

### UNIT-III

3. What is statutory report? Give its contents. By whom could it be certified? Discuss in brief the duties of an auditor in relation thereto?  
5+5+3+7

**OR**

Discuss the provisions of Companies Act, 1956 regarding managerial remuneration of a joint stock company. What points should an auditor keep in mind while auditing this item in the account books of a company?  
10+10

### UNIT-IV

4. What are divisible profits? How are they ascertained? 20

**OR**

"An auditor is not bound to approach his work with suspicion."  
"It was the duty of auditors to be suspicious, that was why they were there. If everybody was honest and careful there would be no need for auditors." How will you reconcile these two statements?  
10+10

### UNIT-V

5. Distinguish between the following : 10+10  
(i) Audit report and Audit certificate.  
(ii) Clean report and Qualified report.

**OR**

What is cost audit? How does it differ from financial audit? Discuss its two aspects.  
6+7+7