

GOVERNMENT COMMERCE COLLEGE, VADALI
INTERNAL EXAMINATION-FEB-MARCH-2024
SUBJECT: AUDITING-II (SUBJECT CODE: CE 304 A)
B.COM. – 6
SECTION-A

DATE: 06/03/2024
DAY : WEDNESDAY

EXAM TIME: 20 MINUTES
TOTAL MARKS : 10

You are required to attempt following Multiple Choice Questions. Students have to write compulsorily only “Correct Option” in the given Box. (Attempt Only 10 out of 12) (10)

- 01.** Test checking refers to _____
- A. Testing of accounting records
 - B. Testing of honesty of employees
 - C. Intensive checking of a selected number of transactions
 - D. Checking of all transactions recorded
- 02.** The sequence of steps in the auditor's consideration of internal control is as follows _____
- A. Obtain an understanding, design substantive test, perform tests of control, make a preliminary assessment of control risk
 - B. Design substantive tests, obtain an understanding, perform tests of control, make a preliminary assessment of control risk
 - C. Obtain an understanding, make a preliminary assessment of control risk, perform tests of control, design substantive procedures.
 - D. Perform tests of control, obtain an understanding, make a preliminary assessment of control risk & design
- 03.** Investigation of books of accounts and records is _____
- A. Not legally compulsory
 - B. Compulsory
 - C. Compulsory as per Companies Act' 2013
 - D. Compulsory as per Income Tax Act
- 04.** Auditor is an _____ of Equity Shareholders.
- A. Owner
 - B. Agent
 - C. Employer
 - D. Employee
- 05.** Audit Programme is prepared by _____
- A. the auditor
 - B. the client
 - C. the audit assistants
 - D. the auditor and his audit assistants
- 06.** Which of the following statement is not true regarding appointment of statutory auditor by the Central Government ?
- A. Such powers have been conferred upon it by section 224(3)
 - B. If a company fails to appoint an auditor at a general meeting
 - C. If an auditor refuses to accept appointment, the powers of the Central Government can be exercised.
 - D. None of the above

- 07.** Which of the following statements with regard to rules regarding exemption from branch audit is not true ?
- A.** A branch office of a company can be granted exemption on the basis of quantum of activity criterion
 - B.** If a satisfactory arrangement of scrutiny check of the books of account of a branch office of a manufacturing company has been made, it can be exempted from branch audit
 - C.** Cost consideration should be considered as an important factor/ground for exemption from branch audit
 - D.** The auditor should state in his audit report that branch office is exempted by virtue of quantum of activity or any other basis
- 08.** The date on auditor's report should not be __
- A.** the date of AGM
 - B.** later than the date on which the accounts are approved in board's meeting
 - C.** earlier than the date on which the accounts are approved by the management
 - D.** Both (a) and (b)
- 09.** The client changed method of depreciation from straight line to written down value method. This has been disclosed as a note to the financial statements. It has an immaterial effect on the current financial statements. It is expected, however, that the change will have a significant effect on future periods. Which of the following option should the auditor express ?
- A.** Unqualified opinion
 - B.** Qualified opinion
 - C.** Disclaimer of opinion
 - D.** Adverse opinion
- 10.** If any director is disqualified from being appointed under section 274(1) (g), the auditor should mention this fact in his audit report. For this purpose, how does he determine their eligibility ____
- A.** He obtains a representation from each director
 - B.** He obtains a management representation
 - C.** He enquires from Registrar of Companies
 - D.** Any one of the above
- 11.** Of the following, which is the least persuasive type of audit evidence ?
- A.** Bank statements obtained from the client
 - B.** Documents obtained by auditor from third parties directly.
 - C.** Carbon copies of sales invoices inspected by the auditor
 - D.** Computations made by the auditor
- 12.** An auditor can be held liable under Chartered Accountants Act' 1949 for _____
- A.** Negligence
 - B.** Criminal offence
 - C.** Professional misconduct
 - D.** Breach of contract

***** *ALL THE BEST******

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SUBJECT: AUDITING-II (SUBJECT CODE: CE 304 A)
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SECTION-B

DATE: 06/03/2024
DAY : WEDNESDAY

EXAM TIME: 1 HOUR
TOTAL MARKS : 30

Q-1. Answer the following questions: (15)

- (A). Enumerate the Significance of Audit Report to the Shareholders.
 (B). You are appointed as an official auditor of “Youtube Ltd.”Explicate preliminary information you would require before commencing the audit.
 (C). Elucidate the notion of True and Fair Perspective.
 (D). Present dissimilarities between Clean Report & Qualified Report.

OR

Q-1. Answer the following questions: (15)

- (A).From the following information of Instagram Ltd. ascertain the maximum rate that can be utilized from General Reserve as per the Companies (Declaration of Dividend out of Reserves) Rules’ 2014:

Particulars	Amt. Rs.
8,00,000 Equity Shares of Rs.10 each fully paid	80,00,000
General Reserves as on 1 st April’ 2022	25,00,000
Capital Reserves 1 st April’ 2022	3,00,000
Revaluation Reserves 1 st April’ 2022	3,50,000
Net Loss for the year 2022-2023	(75,000)
Accumulated Loss of 2021-2022	(1,25,000)

Average rate of dividend during the last three year has been 12%.

- (B).Make contradiction arguments with reference to Audit Report & Audit Certificate.
 (C).Express your thoughts on “Interest paid out of Capital under Section 208”.
 (D). Enumerate the commitments of an Auditor with respect to Divisible Profit.

Q-2. Answer the following questions: (15)

- (A). Construct an Audit Report as an Official Auditor of “Facebook Ltd.” mentioning any three lecnas.
 (B). Define the term Audit Programme & narrate its pros and cons in your words.
 (C). Elaborate obligatory position of an Auditor with reference to Redemption of Preference Shares.
 (D). Design an Audit Programme as an Official Auditor of “Heartbeats Charitable Trust Hospital, Navrangpura of Rajkot City.”

OR

Q-2. Answer the following questions: (15)

- (A).Present an Audit Programme as an Official Auditor for the “Government Commerce College, Vadali of Sabarkantha District.”
 (B). Indicatean object of Investigation & set out the essential requirements to be considered at the time of Investigation.
 (C). Put controversial opinions with respect to Investigation & Audit.
 (D).Illuminate the mandatory necessities which Auditor should consider while examining MOA & AOA.