

Enrollment No: _____

Exam Seat No: _____

C.U.SHAH UNIVERSITY

Summer Examination-2018

Subject Name : Principles of Auditing - II

Subject Code : 4CO06PAU1

Branch: B.Com (English)

Semester : 6

Date : 25/04/2018

Time : 02:30 To 05:30

Marks : 70

Instructions:

- (1) Use of Programmable calculator & any other electronic instrument is prohibited.
 - (2) Instructions written on main answer book are strictly to be obeyed.
 - (3) Draw neat diagrams and figures (if necessary) at right places.
 - (4) Assume suitable data if needed.
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Q-1 Attempt the following questions: (14)

1. Which of the following is not of the control of EDP application controls ?
 - (A) Control on managerial
 - (B) Control over input
 - (C) Control over processing
 - (D) Control over output
2. What is the full form of BCD in related to computerized accounting ?
 - (A) Binary Coded Decimal
 - (B) Bar Code Decimal
 - (C) Binary Coded Data
 - (D) Bar Code Data
3. Current year's profit after depreciation and tax is Rs. 6,00,000. What will be the minimum amount to be transferred to General Reserve if the recommended rate of dividend is 19% ?

(A) 60,000	(B) 45,000
(C) 80,000	(D) 1,00,000
4. The profit that is to be distributed among shareholders as per prescribed rate of dividend is called –

(A) Divisible Profit	(B) Gross Profit
(C) Reserve Profit	(D) Capital Profit
5. Dividend warrants should be issued to or dividend should be paid to members within how many days after the dividend is declared?

(A) 30	(B) 42
(C) 45	(D) 21
6. Which of the following statement is not correct in respect of verification of assets?
 - (A) The assets have been acquired for the business.



- (B) Any charge on business assets must not be verified.
 (C) The assets actually exist.
 (D) None of these
7. Which of the following is not one of the important characteristics of Intangible Asset?
 (A) They are valuable.
 (B) They are current assets.
 (C) They cannot be seen or touched.
 (D) They can be bought and sold.
8. Which of the following assets cannot consider as Current Assets?
 (A) Stock (B) Goodwill
 (C) Cash (D) Bank Balance
9. The rate of interest not exceed _____ per annum or such order rate as prescribed the central government by notification in the Official Gazette when interest paid out of capital of U/S. 208.
 (A) 10 % (B) 4%
 (C) 14% (D) 8%
10. Which of the following items are not considered “Contingent Liabilities”?
 (A) Liabilities on bills receivable discounted
 (B) Trade mark
 (C) Liabilities for arrears of cumulative preference dividend
 (D) Claims against the company not acknowledged as debit
11. To which of the following parties is the company auditor expected to address his report?
 (A) Central Government
 (B) Board of Directors of the Company
 (C) Shareholders of the Company
 (D) None of these
12. “Divisible profit means earned profits”. This is the definition of _____ .
 (A) Spicer and Pagler (B) B. N. Tondon
 (C) J. R. Batliboy (D) The Union Bank of Allahabad
13. In which Clause of the Companies Act provisions of the auditor’s qualifications are mentioned?
 (A) 225 (B) 326
 (C) 325 (D) None of these
14. _____ appoint the auditor in the Life Insurance Corporation.
 (A) Shareholders (B) Creditors
 (C) Debenture holders (D) None of these

Attempt any four questions from Q-2 to Q-8

Q.2

Discuss the rights and duties of an auditor as per Companies Act.

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Q-3	(A)	Explain the provisions of the Company Act, 1956 regarding appointment, reappointment, remuneration and removal of the Auditor.	8
Q.3	(B)	Discuss Criminal Liabilities of an Auditor.	6
Q.4		What is General EDP (Electronic Data Processing) Control ? Write in detail about it.	14
Q.5		Give meaning of Audit Report. Discuss the characteristics of a Good Audit Report.	14
Q.6		Show the types of Auditor's Report. Prepare Audit Report of a limited company with three defects.	14
Q.7	(A)	What is verification of assets? State the points to be kept in mind by the auditor while verification and valuation of assets.	8
Q.7	(B)	How will you verify the following? (any two)	6
		(1) Trademark	
		(2) Plant-Machinery	
		(3) Closing Stock	
		(4) Secured Loan	
Q.8		Write short notes : (any two)	14
		1. Provisions of Companies Act regarding depreciation.	
		2. Importance of Computerized Account method	
		3. Interim Dividend	
		4. Difficulties in determination of Profits	

