

C. U. SHAH UNIVERSITY

Winter Examination-2021

Subject Name: Auditing & Corporate Governance – I

Subject Code: 4CO05ACG1

Branch: B.Com (English)

Semester: 5

Date: 16/12/2021

Time: 11:00 To 02:00

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.

- Q-1 Attempt the following questions: (14)**
- a) Accountancy is a need, while _____ is a luxury. This statement was prevalent during ancient time. 1
(A) Investigation (B) Auditing (C) Verification (D) Internal Audit
 - b) How many types of errors are there, which do not affect the trial balance? 1
(A) Eight (B) Two (C) Four (D) Six
 - c) In the Kingston Cotton Mills judgement it is said, “An auditor is a watchdog and not a blood hound.” Is it proper? 1
(A) Neutral (B) None (C) No (D) Yes
 - d) Audit carried out with specific objectives for evaluating different policies and actions of the management is called _____ audit. 1
(A) Continuous (B) Management (C) Annual (D) Interim
 - e) “Test checking is based on the rule of possibility.” Is it proper to say so? 1
(A) God knows (B) Cannot be said (C) No (D) Yes
 - f) Auditing is carried out without preparing audit programme. As there is breach of provisions of law, can the auditor be held responsible for it? 1
(A) Yes (B) No (C) Cannot be said (D) Neutral
 - g) _____ is a broad meaningful concept, in which both internal audit and internal check are included. 1
(A) Audit Programme (B) Audit Note
(C) Internal control (D) Internal check
 - h) “For _____ internal check system is adopted. Any single person should not get the control of the complete sales process.” 1
(A) Payment of wages (B) Credit sales
(C) Cash sales (D) Assets sales
 - i) While vouching the auditor should verify that every receipt exceeding Rs. _____ signature is taken on the affixed revenue stamp. 1
(A) Rs. 5,000 (B) Rs. 100 (C) Rs. 250 (D) Rs. 1,000
 - j) “If profit gained in the transaction of assets, then it is considered capital profit. Instead of posting it to the profit and loss account, it should be posted to the capital reserve account. Dividend cannot be disbursed from 1



- it.” Is this interpretation correct?
 (A) Neutral (B) No (C) Yes (D) Cannot be said
- k) Can the first auditor, who is appointed by the Board of Directors, be removed at the general meeting of the company? and can another qualified auditor be appointed in his place? 1
 (A) Yes for both (B) Yes first, No second
 (C) No for both (D) Cannot say anything
- l) The _____ does not only have to check the arithmetical accuracy of the books of accounts but he has to conduct a thorough investigation to ensure whether the accounting statements and records show a true and fair view of the business or not. 1
 (A) Director (B) Secretary (C) Auditor (D) Treasurer
- m) As per the listing agreement of SEBI, the board should consist optimal number of members out of which how many percentage of directors should be non-executive directors? 1
 (A) 50% (B) 40% (C) 30% (D) 60% .
- n) From which year the national awarded for good performance in the corporate sector is given? 1
 (A) 2000 (B) 2003 (C) 2001 (D) 2002

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

- Q-2 Explain the principles of corporate governance. (14)
- Q-3 Describe the vouching of income side of cash register. (14)
- Q-4 Discuss the entries of receivable balance in vouching of ledgers. (14)
- Q-5 **Attempt all questions** (14)
 A Difference: Financial Audit and Management Audit. 7
 B Difference: Routine Checking and Test Checking. 7
- Q-6 **Attempt all questions** (14)
 A Explain the errors affecting the trial balance. 7
 B Discuss the disadvantages of Computerized Accounting System. 7
- Q-7 **Attempt all questions** (14)
 A Explain the vouching of Sales note. 7
 B Explain the appointment of an auditor. 7
- Q-8 **Attempt all questions** (14)
 A Discuss the advantages of internal check. 7
 B State and discuss the objectives of corporate governance. 7

