Self Test Series -1

Question 1 is compulsory

Attempt any five question out of the remaining six question

(Chapter 1-4)

1. Discuss the following : **[5 Marks Each]**
   (a). Standards collectively known as the engagement standard issued by AASB under the authority of the council of ICAI-Discuss. (1.22)
   (b). Discuss the principles which are useful in assessing the reliability of audit evidence. (2.5)
   (c). ''In case where audit sample selection has been done on a random basis. No statistical process for the selection of samples needs to be followed.''.Comment. [3.5]
   (d) Doing an audit in EDP environment is simpler since the trial balance always tallies. Analyze critically? [4.6]

2. State with reason (in short) whether the following statement are correct or incorrect: (Answer Eight) **2 marks each**
   I. Standard of Review Engagement (SREs)- to be applied in the audit of historical financial information. (RTP M-15)
   II. Narrative records are a series of instruction and/or questions which a member of the auditing staff must follow and/or answer. (RTP M-15)
   III. Guidance notes are mandatory in nature. (RTP M-16)
   IV. Sufficiency is the measure of the quality of audit evidence. (RTP M-16)
   V. The audit engagement letter is sent by the client to the auditor. (RTP M-16)
   VI. Purchase invoice is an example of internal evidence. (RTP M-16)
   VII. Scrutiny of Bank Reconciliation statement is one of the techniques. (RTP N-16)
   VIII. Letter of weakness is issued by the management. (RTP N-16)
   IX. Audit procedures and audit techniques are not one and same things (RTP N-15)
   X. The primary objective of an audit is to detect fraud and errors in financial statements. (RTP N-15)

3. Write Short notes on the following: **{4 marks each}**
   (a). General Purpose financial statement. [1.15]
   (b). Audit Independence [2.17]
   (c). Audit Note-book [3.7]
   (d). Audit Risk [4.9]

4. (a). what is the importance of having the accounts audited by an independent auditor ? [1.21] **6 marks**

   (b). Explain the concept of '' True and fair'' [2.12] **6 marks**

   (c). What are the precaution should be taken by an auditor while applying test check techniques ? [3.16] **4 marks**

5. (a). State the matters which the statutory auditor should look into before framing an opinion on accounts on finalization of audit of accounts? Discuss over all audit approach. [1.16] **6 marks**

   (b). Explain the compliance procedure and also substantial procedures as audit methods of collecting evidences for forming an audit opinion. **6 marks**

   (c). State any four important elements of input control in processing of data in a computerized accounting system. **4 marks**

6. State the difference between the following. **{4 marks each}**
   (a) Audit and Investigation. [1.17]
   (b) Internal Evidence and External Evidence.[2.21]
   (c) Materiality and Audit Risk. [3.20]
   (d) Statutory Auditor and Internal Auditor. (4.21)

7. Write short notes on any four of the following: **{4 Marks Each}**
   (a). Operational Audit [1.6]
   (b). Substantial procedures [2.23]
   (c). Knowledge of Client's Business. [3.23]
   (d). Letter of weakness. [4.27]
   (e). Internal control in small business. [4.29]