

**PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

**BCom DEGREE EXAMINATION DECEMBER 2024
(Third Semester)**

Branch – **COMMERCE (PROFESSIONAL ACCOUNTING)**

AUDITING AND ASSURANCE-I

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry **EQUAL** marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	The primary goal of an audit is to: A. Ensure accuracy of financial statements B. Provide an opinion on financial statement fairness C. Detect all forms of fraud D. Improve the internal control system	K1	1
	2	The process of setting audit standards involves: A. Corporate governance bodies only B. Independent professional organizations C. Only government agencies D. The company's shareholders	K2	1
2	3	Audit planning, as per SA 300, which helps an auditor to: A. Reduce audit documentation B. Identify areas with high risk of material misstatement C. Detect all fraud D. Shorten audit time	K1	2
	4	SA 500 defines audit evidence as: A. Documentation from management only B. All the data and information used to form an audit opinion C. Only external confirmations D. Information received from stakeholders	K1	2
3	5	Audit risk is defined as: A. The risk that the auditor will not identify material misstatements B. The risk of company financial failure C. Risk related to auditor bias D. Risk of fraud occurrence	K1	3
	6	According to SA 240, the auditor's responsibility for detecting fraud is: A. Absolute and comprehensive B. Limited to fraud that results in material misstatements C. Only for frauds reported by management D. Dependent on company size	K2	3
4	7	Auditing in an automated environment involves: A. Performing the audit manually to verify accuracy B. Evaluating IT controls and their effectiveness C. Ignoring automation and focusing on human errors D. Overlooking internal controls	K1	4
	8	Testing methods in an automated audit environment are mainly designed to: A. Detect minor technical issues B. Ensure compliance with manual audit procedures C. Assess the reliability of IT systems and their impact on financial reporting D. Minimize the time spent on fieldwork	K2	4

Cont...

5	9	SA 350 defines audit sampling as: A. Reviewing every single transaction B. Testing a subset of data to form an audit conclusion C. A technique used only in large audits D. An outdated method of testing	K1	5
	10	Analytical review procedures (SA 520) help the auditor to: A. Confirm all transactions in the financial statements B. Investigate unexpected financial trends or variances C. Automate the audit process D. Eliminate materiality considerations	K2	5

SECTION - B (35 Marks)Answer **ALL** questions**ALL** questions carry **EQUAL** Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Explain the objectives of Auditing..	K2	1
		(OR)		
	11.b.	Describe the elements of a system of quality control in auditing.	K4	
2	12.a.	Justify the importance of materiality in audit planning and performing an audit.	K5	2
		(OR)		
	12.b.	Explain on the role of audit documentation and its significance as per SA 230.	K2	
3	13.a.	Determine how materiality and audit risk influence the auditor's approach to an engagement.	K5	3
		(OR)		
	13.b.	Analyze the elements of an internal control system and their relevance to the audit process	K3	
4	14.a.	Outline the techniques used to test internal financial controls in an automated audit environment.	K4	4
		(OR)		
	14.b.	Examine the approaches to audit sampling and the factors that influence sample design as per SA 350	K3	
5	15.a.	Define the different techniques of test checks and their application in audit sampling.	K4	5
		(OR)		
	15.b.	Interpret the significance of substantive analytical procedures in auditing financial statements.	K3	

SECTION - C (30 Marks)Answer **ANY THREE** questions**ALL** questions carry **EQUAL** Marks (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Examine the basic principles of governing an audit. and discuss how these principles guide the overall audit process.	K4	1
2	17	Elaborate on audit documentation and working papers as per SA 230, highlighting their role in providing sufficient and appropriate audit evidence.	K5	2
3	18	Explain how internal controls contribute to reducing the risk of material misstatements.	K5	3
4	19	Explain various testing methods used in Automated environment.	K5	4
5	20	Discuss the various approaches to audit sampling as per SA 350, including the factors influencing sample design, size, and techniques used in test checking.	K6	5

Z-Z-Z END