

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BCom DEGREE EXAMINATION MAY 2025
(Sixth Semester)

Branch – COMMERCE (COST & MANAGEMENT ACCOUNTING)

PRACTICES OF AUDITING

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

1. Who appoints the first auditor of a company _____
(i) Shareholders (ii) Board of directors
(iii) Ministry of Corporate Affairs (MCA) (iv) Government auditor
2. What is the main reason for conducting a joint audit _____
(i) To reduce audit fees
(ii) To bring in more expertise from different auditors
(iii) To avoid conflicts of interest
(iv) To comply with regulatory requirements
3. Which of the following is not typically part of a cost audit _____
(i) Review of cost accounting records (ii) Verification of inventory valuation
(iii) Preparation of financial statements (iv) Evaluation of cost control procedures
4. Which of the following is a key area of focus in a management audit _____
(i) Verification of financial transactions (ii) Performance of management
(iii) Audit of inventory and fixed assets (iv) Review of tax filings and returns
5. Who is responsible for maintaining the audit trail in an organization _____
(i) The finance department (ii) The IT department
(iii) The HR department (iv) External auditors

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

6. a) Explain the basic qualification required to become an Auditor.
OR
b) Summarize the Role of Audit Committee.
7. a) Outline the Benefits of Joint Audit.
OR
b) Describe the limitations of Branch Audit.
8. a) Explain the importance of Cost Audit.
OR
b) State the disqualification of Cost Auditor.

Cont...

9. a) Explain the process of Management Audit.
OR
b) Narrate the importance of a Secretarial Audit Report.
10. a) Summarize the key concepts of Auditing in an Automated Environment.
OR
b) State the benefits of Audit Trail.

SECTION -C (30 Marks)

Answer any **THREE** questions
ALL questions carry **EQUAL** Marks (3 x 10 = 30)

11. Discuss the provisions of the Companies Act regarding Appointment of Auditors.
12. Point out the key areas to be audited in a Healthcare Organization.
13. Summarize the regulatory framework for Cost Audit in India.
14. Enumerate the Nature and Scope of Management Audit.
15. Elucidate the testing methods used in an Automated Environment.

Z-Z-Z

END