

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

Branch – **COMMERCE (PROFESSIONAL ACCOUNTING)**

AUDITING AND ASSURANCE - II

Maximum: 75 Marks

Time: Three Hours

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	Which one of the following is trade receivable in Financial Statement? a) Cash balances held by a company b) Amounts due from customers for credit sales c) Liabilities owed to suppliers d) Inventory held for sale	K1	CO1
	2	Under which accounting standard are provisions and contingent liabilities recognized? a) IAS 2 (Inventories) b) IAS 37 (Provisions, Contingent Liabilities, and Contingent Assets) c) IFRS 9 (Financial Instruments) d) IAS 16 (Property, Plant, and Equipment)	K2	CO1
2	3	Interest income is generally recognized in the financial statements on a ----- a) Cash basis b) Accrual basis c) Hybrid basis d) Deferred basis	K1	CO2
	4	----- of the following is a key risk associated with interest income? a) Overstatement due to fictitious transactions b) Misclassification as dividend income c) Understatement due to improper accrual d) Both b and c	K2	CO2
3	5	Who appoints the first auditor of a company other than a government company? a) Board of Directors b) Shareholders c) Government of India d) Comptroller and Auditor General (CAG)	K1	CO3
	6	The maximum number of companies an individual auditor can audit at a time as per the Companies Act, 2013 is ----- a) 10 b) 15 c) 20 d) 25	K2	CO3
4	7	----- is the primary purpose of an audit report. a) To prepare financial statements b) To detect fraud c) To express an opinion on financial statements d) To assess management performance	K1	CO4
	8	A clean or unqualified audit report indicates that ----- a) The financial statements are free from material misstatements b) The auditor has found fraud c) The financial statements do not give a true and fair view d) The audit was incomplete	K2	CO4
5	9	The audit of banks is governed by which act? a) Companies Act, 2013 b) Banking Regulation Act, 1949 c) RBI Act, 1934 d) SEBI Act, 1992	K1	CO5
	10	Which a authority prescribes guidelines for basic audits in India? a) SEBI b) RBI c) Ministry of Finance d) ICAI	K2	CO5

Cont...

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.	Define Share Capital and explain its types.	K3	CO1
		(OR)		
	11.b.	Explain the significance of inventory management in a business.		
2	12.a.	How does the auditor verify the completeness of dividend income recorded in the financial statements?	K4	CO2
		(OR)		
	12.b.	Analyze the documents should an auditor examine to confirm the valuation of investments at the time of sale?		
3	13.a.	Explain the objectives of Company audit.	K4	CO3
		(OR)		
	13.b.	Classify the rights and duties of a company auditor?		
4	14.a.	Explain the key components of an auditor's report as per SA 700?	K4	CO4
		(OR)		
	14.b.	Identify the procedures followed in audit Reports.		
5	15.a.	How would to classify Non-Per forming assets in bank?	K3	CO5
		(OR)		
	15.b.	Narrate the role of the auditor in co-operative societies.		

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	Enumerate the procedure for issuing shares to the public.	K4	CO1
2	17	How does an auditor check whether unrealized gains or losses on investments are correctly classified in the financial statements?	K4	CO2
3	18	Identify the procedure for the appointment and removal of an auditor under the Companies Act, 2013.	K4	CO3
4	19	Discuss the role of the Audit Committee in reviewing audit reports.	K4	CO4
5	20	Categorize audit process in a government organization and its importance.	K4	CO5