

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

**BCom DEGREE EXAMINATION DECEMBER 2025  
(Fifth Semester)**

**Branch - COMMERCE (COST & MANAGEMENT ACCOUNTING)**

**PRINCIPLES OF AUDITING**

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	Which of the following is the primary purpose of bookkeeping? a) To interpret financial data. b) To prepare final financial statements for external users. c) To record day-to-day business transactions. d) To audit financial records for accuracy.	K1	CO1
	2	Identify which audit is based on the legal requirement to conduct? a) Statutory b) Government c) Internal d) Cost	K2	CO1
2	3	Identify the primary purpose of auditing standards. a) To regulate accounting practices b) To ensure uniformity and quality in audit practices c) To prepare financial statements d) To replace statutory audit	K1	CO2
	4	Which organization issues Auditing and Assurance Standards in India? a) RBI b) ICAI c) IRDA d) IAASB	K2	CO2
3	5	Which of the following is not a method of obtaining audit evidence? a) Inquiry b) Observation c) Fabrication d) Inspection	K1	CO3
	6	Audit working papers are primarily prepared by the auditor to _____. a) Show compliance with tax laws b) Serve as legal proof in court c) Document audit procedures and evidence collected d) Prepare management reports	K2	CO3
4	7	Risk-Based Internal Audit (RBIA) primarily focuses on _____. a) Compliance with accounting standards b) Verifying routine transactions c) Identifying and managing key business risks d) Preparing internal reports for employees	K1	CO4
	8	Internal audit is conducted by _____. a) Statutory auditor b) External consultant c) Management-appointed personnel or internal auditor d) Shareholders	K2	CO4
5	9	According to the Companies Act, 2013, Section ____ deals with the Auditor's Report. a) 123 b) 143 c) 149 d) 133	K1	CO5
	10	Which of the following is the audit method used to compare current figures with past figures or industry data? a) Observation b) Recalculation c) Analytical procedures d) Inspection	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.	Explain the evolution of auditing.  (OR)	K2	CO1
	11.b.	Discuss the advantages and limitations of auditing.		
2	12.a.	Explain the importance of Auditing Standards.  (OR)	K2	CO2
	12.b.	Explain the different Standards on Auditing (SAs) issued by AASB in India.		
3	13.a.	Explain the objectives of an Audit Programme.  (OR)	K3	CO3
	13.b.	Explain the purpose and contents of Audit Documentation.		
4	14.a.	Discuss the basic elements and objectives of Internal Control.  (OR)	K3	CO4
	14.b.	Explain the differences between Internal Control, Internal Check, and Internal Audit.		
5	15.a.	Discuss the audit procedures involved in verifying income statement items such as revenue, purchases, and expenses.  (OR)	K3	CO5
	15.b.	Distinguish between an audit report and an audit certificate.		

**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	Classify the different types of audits.	K4	CO1
2	17	Discuss the types of pronouncements issued by the Auditing and Assurance Standards Board (AASB).	K3	CO2
3	18	Analyse the assessment of audit risk.	K4	CO3
4	19	Explain the techniques used to evaluate an Internal Control System.	K4	CO4
5	20	Describe the vouching and verification procedures used in the audit of balance sheet items.	K3	CO5