23COU626N / 23CRM626N/23FSU626N / 23BPU626N / 23CBI626N

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2026
(Sixth Semester)

Common to Branches – **COMMERCE / COMMERCE (RM) / COMMERCE (BPU) / COMMERCE (FS) / COMMERCE (B&I)**

AUDITING & FINANCIAL REPORTING

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	Audit risk is the risk that (i)Auditor fails to detect errors (ii) Financial statements are materially misstated (iii) Auditor gives an inappropriate opinion (iv) Client commits fraud	K1	CO1
	2	Independence of an auditor refers to (i)Freedom from management (ii) Freedom from bias (iii) Freedom from client influence (iv) All of the above	K2	CO1
2	3	Internal check reduces (i) Audit risk (ii) Control risk (iii) Inherent risk (iv) Business risk	K1	CO2
	4	The main objective of auditing an impersonal ledger is to verify (i) Arithmetical accuracy only (ii) Authenticity and correctness of transactions (iii) Cash balance (iv) Personal accounts	K2	CO2
3	5	Which of the following is a statutory right of an auditor? (i) Right to prepare accounts (ii) Right to access books of accounts (iii) Right to declare dividend (iv) Right to appoint directors	K1	CO3
	6	Criminal liability of an auditor generally involves (i) Compensation only (ii) Warning letter (iii) Fine or imprisonment or both (iv) Cancellation of audit	K2	CO3
4	7	Which section of the Companies Act, 2013 deals with the appointment of auditors? (i) Section 128 (ii) Section 139 (iii) Section 143 (iv) Section 147	K1	CO4
	8	Social audit measures (i) Profitability (ii) Liquidity (iii) Social costs and social benefits (iv) Capital structure	K2	CO4
5	9	Financial reporting is governed by (i) Personal judgement only (ii) Accounting standards and laws (iii) Auditor's opinion only (iv)D. Company policies only	K1	CO5
	10	Limited Liability Partnership in India is governed by: (i) Companies Act, 2013 (ii) Indian Partnership Act, 1932 (iii) LLP Act, 2008 (iv) Contract Act, 1872	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.	Recall the appointment of an auditor in a company	K1	CO1
		(OR)		
	11.b.	List various types of audit conduct by an auditor in an organisation.		
2	12.a.	Demonstrate the precautions should an auditor take while vouching cash transactions?	K2	CO2
		(OR)		
	12.b.	Summarize the auditor's duties in the verification and valuation of assets		
3	13.a.	Categorize the statutory powers and duties of an auditor.	K4	CO3
		(OR)		
	13.b.	Analyse the circumstances under which an auditor is civilly liable.		
4	14.a.	Identify the auditor's report in a company audit.	K3	CO4
		(OR)		
	14.b.	Apply the importance of CAG audit in a democratic system.		
5	15.a.	Discover the qualitative characteristics of financial reporting	K4	CO5
		(OR)		
	15.b.	Assume the financial statement analysis help in decision-making. Explain.		

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	Explain the role of ICAI in framing Auditing Standards in India.	K2	CO1
2	17	Identify the role of an auditor in a computerized accounting environment.	K3	CO2
3	18	What is CARO? Explain the preparation of audit report as per CARO rules.	K1	CO3
4	19	Examine the auditor's duty regarding provision for depreciation and creation of reserves.	K4	CO4
5	20	Elaborate the rights and obligations of a dormant company.	K6	CO5

Z-Z-Z END