

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2024  
(Fourth Semester)

Branch – COMMERCE (PROFESSIONAL ACCOUNTING)

**AUDITING AND ASSURANCE - II**

Time: Three Hours

Maximum: 50 Marks

**SECTION-A (5 Marks)**

Answer ALL questions

ALL questions carry EQUAL marks (5 x 1 = 5)

- 1 Which of the following is considered a Long-Term source of Financing for a Company?
  - i) Trade Receivables
  - ii) Share Capital
  - iii) Short-term Borrowings
  - iv) Cash Equivalents
- 2 Which of the following is an example of an Employee Benefit Expense?
  - i) Rent
  - ii) Insurance
  - iii) Salaries and wages
  - iv) Power and fuel expenses
- 3 According to the Companies Act, 2013, what is the Maximum number of Audits that an Auditor can undertake simultaneously?
  - i) 10 audits
  - ii) 20 audits
  - iii) 30 audits
  - iv) No specified limit
- 4 What types of modifications to the Auditor's opinion can occur as per SA 705?
  - i) Unmodified and Qualified opinions
  - ii) Qualified, Adverse, and Disclaimer of opinions
  - iii) Unmodified, Adverse, and Disclaimer of opinions
  - iv) Unmodified and Disclaimer of opinions
- 5 What is a Primary consideration in Auditing of Banks?
  - i) Determining Membership Eligibility
  - ii) Assessing Compliance with Tax Regulations
  - iii) Compliance with Banking Regulations
  - iv) Evaluating Employee Training programs

**SECTION - B (15 Marks)**

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 3 = 15)

- 6 a What is Auditing? Why it is needed for the Company?  
OR  
b Explain the vouching of Cash and Credit Purchases.
- 7 a Define Other Income and provide examples of sources, such as Interest Income, dividend income, and Gains/Losses on the Sale of Investments.  
OR  
b What is petty cash? Explain the audit procedures of petty cash payments.
- 8 a Summarize the auditor's qualification and disqualifications.  
OR  
b Explore the Role of Regulatory Authorities in Overseeing the Appointment process of the first Auditor for Government Companies.

Cont...

- 9 a Explore the circumstances under which an Auditor may need to modify their opinion in the Independent Auditor's Report, as per SA 705.  
OR  
b Classify the types of Modified Opinion.
- 10 a Outline the Objectives and Scope of Government Audit.  
OR  
b Define the key Objectives of Auditing of a Non-Profit Organization.

**SECTION -C (30 Marks)**

Answer any **Three** questions

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

- 11 Differentiate between Trade Payable and other Current Liabilities, Highlighting their respective impacts on a Company's Working Capital.
- 12 Assess the significance of Vouching of Payments in the Audit Process. Identify and explain Three General Considerations.
- 13 Discuss the Objectives of an Auditing and Explain different Types of Audit.
- 14 Explain the key components and requirements of an Auditor's Report on Financial statements as per SA 700.
- 15 Examine the challenges involved in Auditing of Hospitals. Highlight specific areas of Financial Reporting and Internal Controls that are critical in Healthcare Auditing.

Z-Z-Z

END