**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BENGALURU -27**

Registration Number:

Date & Session

**B.Com–VI SEMESTER**

**SEMESTER EXAMINATION: APRIL 2024**

**(Examination conducted in May /June 2024)**

**BC 6323 / BPS 6323: PRINCIPLES AND PRACTICE OF AUDITING**

**(For current batch students only)**

**Time: 2 Hours Max Marks: 60**

**This paper contains two printed pages and four parts**

**Section A**

**I.** Answer ***any five*** of the following (**3 x 5 = 15 marks)**

1. State the difference between book keeping, accountancy and audit.
2. Give the meaning of routine checking and test checking.
3. What is Internal control, Internal check and Internal Audit?
4. What is voucher and mention any three types of voucher?
5. What is the difference between verification and valuation?
6. What are contingent liabilities? Give example.

**Section B**

**II.** Answer ***any two*** of the following (**5 x 2 = 10 marks)**

1. Write short note on adoption of distinctive ticks.
2. Briefly explain five advantages of Internal Check.
3. Highlight the duties of an Auditor.

**Section C**

**III.** Answer ***any two*** of the following (**10 x 2 = 20 marks)**

1. Explain the professional ethics of an auditor and advantages of audit.
2. Explore vouching of deferred revenue expenditure and payments of creditors.
3. Describe the verification and valuation of land and building and sundry creditors.

**Section D**

**IV. Answer the following (15marks)**

1. XYZ Limited is a retail company undergoing an annual financial audit. The auditors are conducting vouching procedures to verify the accuracy and authenticity of the company's assets and liabilities. Assets include cash, inventory, and fixed assets, while liabilities encompass loans, accounts payable, and accrued expenses.

**Scenario:**

During the vouching process, the auditors identify discrepancies in the documentation related to cash transactions and accounts payable. There are instances where cash receipts lack proper authorization, and some accounts payable do not have supporting invoices. Additionally, the auditors notice inconsistencies in the valuation of inventory and discrepancies in the recording of accrued expenses.

**Questions:**

1. What steps should the auditors take to address the discrepancies in cash transactions and accounts payable during the vouching process? **(7.5 marks)**
2. How can the auditors ensure the accuracy of the valuation of inventory and rectify discrepancies in the recording of accrued expenses during the vouching process? **(7.5 marks)**

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